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PRELIMINARY ANALYSIS OF OPPORTUNITIES AND CHALLENGES RESULTING FROM THE URUGUAY ROUND AGREEMENT ON TEXTILES AND CLOTHING

Report by the UNCTAD secretariat

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Abbreviations

ATC	Agreement on Textiles and Clothing
CITA	Committee for the Implementation of Textiles Agreements (United States)
CPs	Contracting Parties (GATT)
EU	European Union
HS	Harmonized Commodity Description and Coding System Nomenclature
GATT	General Agreement on Tariffs and Trade
GSP	generalized system of preferences
ITCB	International Textiles and Clothing Bureau
MFA	Multi-Fibre Arrangement
OECD	Organisation for Economic Co-operation and Development
OMAs	Orderly Marketing Arrangements (Agreements)
OPT	outward processing trade
SME	square meter equivalents
TMB	Textiles Monitoring Body
TSB	Textiles Surveillance Body
UNCTAD	United Nations Conference on Trade and Development
USTR	United States Trade Representative
VER	voluntary export restrictions
WTO	World Trade Organization

I. Introduction

1. International trade in textiles and clothing was governed for decades by a special discriminatory trade regime. From the inception of the cotton textile arrangement in the early 1960s to the successive negotiations of the Multi-Fibre Arrangement (MFA), this regime had continually increased its product and country coverage, and intensified its discriminatory character. It began with restraints on trade in cotton textiles and eventually extended its coverage to synthetic fibres and wool, with the negotiation of the MFA in 1973. Consequently, since the 1986 extension of the MFA, which coincided with the beginning of the Uruguay Round, nearly all fibres were covered.[1] While developing countries gained an important share of world trade in textiles and clothing, the opportunities for growth of their exports of these products were seriously restricted by the MFA.

2. Textiles and clothing, as an important engine of growth, represent nearly 26 per cent of developing countries' total exports of manufactures and 15.5 per cent of their total exports of goods (see Table 1). In 1992, developing countries' share in world total imports of textiles and clothing was nearly 45 per cent.[2] The shares of textiles and clothing in total manufacturing value-added and employment in developing countries as indicated in Tables 2 and 3 were also substantial.

3. As one of the major achievements of the Uruguay Round, the inclusion of the Agreement on Textiles and Clothing (ATC) with a definite life-span to dismantle the long-standing discriminatory trade regime over a 10-year transition period represented an essential step towards achieving trade liberalization in this sector of vital interest to developing countries.

4. The ATC, first and foremost, provides a legal framework for the phasing out of the MFA, leading to the complete "integration" of this sector into GATT at the end of the 10-year transition period, when the same rules will apply to trade in textiles and clothing as to trade in other goods. This phasing-out process comprises two aspects:

- the integration of the sector into the GATT, through the elimination of the export restraints contained in the bilateral agreements (that were in force on the day before the entry into force of the WTO Agreement) negotiated on products covered under the MFA, to be accomplished in four stages; and

- the increases in growth rates for the quotas of the products still remaining under restriction during the 10-year transition period.

5. In addition to the phasing out of the MFA restrictions, the ATC also deals with other GATT-inconsistent non-MFA restrictions on textile and clothing products, including all unilateral restrictions, bilateral arrangements and other measures having a similar effect.

6. With the eventual elimination of MFA quotas and other non-MFA restrictions, tariffs will become the main instrument of border protection in this sector, and thus textiles and clothing products will be accorded the same treatment as other industrial products. In this sense, the tariff reductions made by the major developed countries would, in the long run, effectively improve the access conditions of developing countries to their markets and provide increased security and predictability for developing countries' trade in textiles and clothing. But, in the short run, the MFA quotas would still remain a real obstacle.

7. However, the effective and meaningful integration of this sector into GATT 1994 will depend considerably on how far the provisions of the ATC are respected by the WTO members, especially the major importing countries during the implementation process. In particular, the interpretation of the linkage established between the integration process and other commitments of the WTO Agreements, including tariff concessions, could be used to justify delays in implementing the integration programme or failure to provide the increases in growth rates. The "end-loading" of the integration process, which postpones the integration of 49 per cent of each country's textile imports in terms of volume

to the very end of the transition period, has also given rise to a concern that protectionist forces will make use of this so as to build up sufficient political pressure to achieve a postponement of the final stage.

8. Furthermore, under the "transitional safeguard mechanism" new quotas can be imposed on a discriminatory basis by all WTO members who decided to retain the right to use such mechanism on those products covered by the Annex to the ATC, which have not yet been integrated into GATT 1994 during the transition period. Since the determination of "serious damage" must only be product-specific,[3] and once such determination is made, an importing country can seek a quota with any supplier whose exports of a specific product are "increasing sharply and substantially", no matter how minimal its exports to the importing country. As a result, there could be a proliferation of very small quotas that might not have been justifiable under the MFA.

9. Another important feature of the WTO Agreements is that developing countries have also made significant contributions by undertaking tariff reductions, tariff bindings, and the elimination of non-tariff measures. Although many developing countries are traditionally considered as exporters of textiles and clothing, in recent years they have become increasingly significant importers with a number of them emerging as important new markets for textile products. In 1992, developing countries as a whole imported US$ 87,000 million worth of textile and clothing products, which accounted for around 30 per cent of the total world imports of these products. As compared with their imports in 1989 of $55,033 million, the increase was nearly 58 per cent. As most of these countries have been taking steps to further liberalize their import regime, more new opportunities could also be created for the expansion of trade in textiles and clothing in selected developing countries.

10. This paper intends: (i) to summarize the main provisions or elements of the ATC; (ii) to identify the trading opportunities or improvements in market-access conditions in this sector resulting from the implementation to date of the ATC, including tariff reductions and other trade-liberalization measures undertaken by all countries, including developing countries; (iii) to examine measures and issues that may affect the effective implementation of the ATC; and (iv) to assess the implications of the ATC for world trade in textiles and clothing and for the international trading system as a whole.

II. Main features and elements of the Agreement on Textiles and Clothing

A. Nature and Scope of the ATC

11. Unlike other WTO Agreements, the ATC is a transitional arrangement with a definite life-span. By the end of the 10-year transition period, the ATC will be terminated. There shall be no extension of the ATC (Article 9).

12. The ATC provides for progressive phasing out of all MFA quotas and other non-MFA restrictions (unless they are justified under the GATT rules), and integration of this sector into GATT 1994 in four stages starting from 1 January 1995 (the date of the entry into force of the WTO Agreement). As indicated in Article 1:7, the textile and clothing products to which the ATC applies are set out in the Annex which contains approximately 800 tariff lines at six-digit level of the Harmonized Commodity Description and Coding System (HS) Nomenclature, including:

(1) products of textiles and textile articles of Section XI of the HS Code (excepting the lines of raw silk, raw wool and raw cotton); and

(2) products from certain other chapters of the HS Code which are currently included in the category systems of some of the MFA restraining countries.

13. However, in the application of the transitional safeguards under Article 6 of the ATC, paragraph 2 of the Annex states that the transitional safeguard actions should be imposed on particular products (i.e. on a selective or country-by-country and/or product-by-product basis) rather than on the basis of the HS lines per se. Paragraph 3 of the Annex further stipulates that no transitional safeguard actions should be imposed on handloom, historically traded textiles and pure silk products, for which the provisions of Article XIX of GATT 1994, as interpreted by the Agreement on Safeguards, shall apply.

14. The ATC is not merely a plan for the phasing out of the MFA, but is an integral part of the WTO Agreement. It applies to all WTO members (whether they were MFA signatories or non-MFA signatories), but not to those MFA signatories that are not members of WTO. All textile and clothing products are covered by the provisions of the ATC excepting those phased into GATT under the integration programme. For products integrated into the GATT, the provisions of GATT 1994 apply. Thus, the membership of the ATC could be over 100 (assuming that all GATT contracting parties would ratify the WTO Agreement) while the MFA had only over 40 signatories. By contrast, the MFA was only applicable to trade in textiles and clothing among MFA signatories, and thus could only legally be applied against those exporting countries that had agreed to be subject to its provisions,[4] even if they were non-GATT contracting parties (as the membership of the MFA was open to both GATT contracting parties and non-contracting parties).

15. The provisions of the ATC are applicable to:

- all MFA restrictions maintained between GATT 1947 contracting parties on the day before the entry into force of the WTO Agreement (Article 2: 1);

- restrictions on textile and clothing products maintained by the members other than those under the MFA or justified under the provisions of GATT 1994 (Article 3); and

- actions taken by any members under the transitional safeguard mechanism to products covered by the Annex excepting those that have already been integrated into GATT 1994 under the integration programme (Article 6:1).

16. In this regard, the ATC is unlike the MFA which only applied to restrictions imposed by some developed countries on imports of textiles and clothing from certain developing country exporters.[5]

B. Integration Programme

17. Paragraphs 6 and 8 of Article 2 of the ATC provide that products covered by the Annex to the ATC, including those subject to MFA restrictions shall be integrated into GATT 1994 in four stages. The extent of integration at each stage is to be expressed as a percentage of the total volume of imports in 1990 of the products covered by the Annex. The four stages are defined as follows:

- Stage One - on 1 January 1995, members shall integrate into GATT 1994 products which account for not less than 16 per cent of the total volume of members' 1990 imports of the products in the Annex, in terms of HS lines or categories.

- Stage Two - on 1 January 1998, products which account for not less than a further 17 per cent of the total volume of members' 1990 imports of the products in the Annex.

- Stage Three - on 1 January 2002, products which account for not less than a further 18 per cent of the total volume of the members' 1990 imports of the products in the Annex.

- Stage Four - on 1 January 2005, the textiles and clothing sector shall stand integrated into GATT 1994, all restrictions under this Agreement having been eliminated.

18. However, the integration ratios referred to above are the minimum obligations. Nothing in the ATC shall prevent members from completing the integration programme at an earlier date or integrating products into GATT 1994 at rates higher than those provided for in the integration programme.

19. In addition, the ATC provides that the integration in each stage must encompass products from each of the four groups of tops and yarns, fabrics, made-up textile products and clothing. The selection of products is left to the importing countries.

C. Increases in growth rates for MFA quotas

20. At each of the first three stages of the integration programme, an annual increase of the established growth rate (i.e. the growth rate from the former MFA restraints carried over into the ATC) for the remaining restrictions is provided for (under paragraphs 13 and 14 of Article 2 of the ATC) as follows:

- for Stage One (from 1 January 1995 to 31 December 1997), the level of each restriction under MFA bilateral agreements in force for the 12-month period prior to the date of entry into force of the WTO Agreement shall be increased annually by not less than the growth rate established for the restrictions, increased by 16 per cent;

- for Stage Two (from 1 January 1998 to 31 December 2001), the growth rate for the respective restrictions during Stage One, increased by 25 per cent; and

- for Stage Three (from 1 January 2002 to 31 December 2004), the growth rate for the respective restrictions during Stage Two, increased by 27 per cent.

D. Improvement in other flexibility provisions

21. The ATC (under Article 2:16) provides for flexibility provisions (swing, carryover, and carry forward) to be the same as those provided for in MFA bilateral agreements for the 12-month period prior to the entry into force of the WTO Agreement. No quantitative limits shall be placed or maintained on the combined use of swing, carryover, and carry forward.

E. Increases in growth rates for MFA quotas for small suppliers

22. Under Article 2:18 of the ATC, small suppliers whose exports subject to restrictions represented 1.2 per cent or less of the total volume of the restrictions applied by an importing member as of 31 December 1991 shall be granted meaningful improvement in access for their exports during the life-span of the ATC, through:

- the advancement by one stage of the growth rates, i.e. their growth rates will be increased at the beginning of each stage by 25, 27 and 27 per cent, respectively, instead of 16, 25 and 27 per cent; or

- at least equivalent changes as may be mutually agreed, with respect to a different mix of base levels, growth and flexibility provisions.

F. Phasing out of other non-MFA restrictions

23. While quotas maintained by the members under the MFA shall be phased out over the 10-year transition period as referred to above, the ATC also deals with other non-MFA restrictions on textile and clothing products, including all unilateral restrictions, bilateral arrangements and other measures having a similar effect.

24. Under the provisions of Article 3 of the ATC, members are committed to notify in detail all their restrictions on textile and clothing products (other than those maintained under the MFA), whether consistent with GATT 1994 or not, to the Textiles Monitoring Body (TMB) within 60 days following the date of entry into force of the WTO Agreement. Such notification should also include information with respect to whether or not the restrictions are justified under GATT 1994 provisions. Any member may also make reverse notifications in this regard or concerning any restriction that may not have been notified under the provisions of this Article.

25. All GATT-inconsistent non-MFA restrictions shall be either: (1) brought into conformity with GATT 1994 within one year following the entry into force of the WTO Agreement; or (2) phased out progressively under a programme within the duration of the ATC.

G. Circumvention

26. The ATC also addresses the problems of "circumvention" of the quotas such as by transhipment, rerouting, false declaration of place of origin, and falsification of official documents. It requires the establishment of national legal framework for dealing with circumvention. Procedural provisions are codified to enable members to take appropriate actions against circumvention practices, including the obligation and scope of cooperation in the investigation, and the type of measures that can be taken when the fact of circumvention has been established.

H. Transitional safeguards

27. Although Articles 2 and 3 of the ATC require all members to phase out progressively both MFA and GATT-inconsistent non-MFA restrictions maintained by them over the 10-year transition period, Article 6 continues to permit the imposition of new quantitative restrictions by all WTO members (who decided to retain such right) on products (covered by the Annex, that have not yet been integrated into GATT 1994 under the integration programme) of a specific member or members on a discriminatory basis for up to three years during the transition period under the so-called "transitional safeguards" mechanism.

28. Since the application of transitional safeguards is available to all WTO members, for those members which were signatories to the MFA but not maintaining MFA restrictions may retain the right to use the transitional safeguards on the condition that they notify the TMB of their intention within 60 days following the date of entry into force of the WTO Agreement. Members that were not signatories to the MFA since 1986 are required to notify the TMB within 6 months

after the entry into force of the WTO Agreement, of their intention in this regard. In other words, this means that for those non-MFA signatory members, even if they are currently not maintaining any quantitative restrictions but wish to retain the right to use the transitional safeguards, had to notify their intention to the TMB by 1 July 1995. If they choose not to do so, their trade in textiles will be deemed to have been integrated into GATT 1994 at a stroke. If, however, they decide to retain the right to use the transitional safeguards, their trade in textiles and clothing as defined in the Annex to the ATC will be deemed completely outside of GATT 1994, and thus, have to be integrated into GATT 1994 under the integration programme. They must notify the full details of their actions under the integration programme to the TMB within 12 months after the entry into force of the WTO Agreement as to which products will be integrated into GATT 1994 during the first stage (Article 2:7 (b)). That is to say, on 1 January 1996, they must notify the full details of 16 per cent of the total volume of their 1990 imports of textiles and clothing to the TMB for the integration into GATT 1994 during the first stage. Subsequently, such notifications should be made 12 months before each of the integration stage starts (Article 2:11).

29. For the invocation of the transitional safeguards, Article 6 of the ATC sets up detailed procedures and disciplines concerning the determination of serious damage or actual threat thereof, special treatment for certain groups of countries, consultation, restraint level, notification, TMB review, TMB recommendations, duration of the action, etc.

I. Relationship with the Agreement on Safeguards

30. Before the integration takes place, all products covered in the Annex are subject to the provisions of the ATC. However, once products are integrated into GATT 1994, a safeguard measure can only be imposed against them under the provisions of GATT Article XIX and the Agreement on Safeguards (Article 2:19).

31. In the event that a GATT Article XIX safeguard measure is initiated by a member against a product during a period of one year immediately following the integration of that product into GATT 1994 under the integration programme of the ATC, the provisions of Article XIX, as interpreted by the Agreement on Safeguards, shall apply on conditions that: (i) the importing members concerned shall apply the measure (other than in the form of tariff) in a manner that the applicable level shall not be lower than the average of exports from the member concerned in the last three representative years (as set forth in Article XIII:2(d) of GATT 1994); and (ii) the exporting member concerned shall administer such a measure (Article 2:20).

32. When a GATT Article XIX safeguard measure is imposed for more than one year, the applicable level shall be progressively liberalized at regular intervals during the period of application. In such cases, the exporting member concerned shall not exercise the right of suspension of obligation or withdrawal of concession as provided for in Article XIX:3(a) of GATT 1994.

J. Additional obligations

33. The results of the Uruguay Round constitute a single undertaking and the ATC forms an integral part of the WTO Agreements. Nevertheless, Article 7 of the ATC establishes a specific linkage between the integration process and the fulfilment of certain commitments under other WTO Agreements, whereby the members are required to:

- achieve improved market access for textile and clothing products by tariff reductions and bindings, or through liberalization of other non-tariff measures;

- strengthen the rules and disciplines with respect to anti-dumping practices, subsidies and countervailing measures, and protection of intellectual property rights; and

- avoid discrimination against textiles and clothing imports when taking measures for general trade policy reasons.

34. In this regard, members are obliged to make notifications and may make reverse notifications to the TMB.

35. In the event of a dispute arising from the imbalance between the integration process and the above-mentioned actions, members may bring it before the relevant WTO bodies[6] and so inform the TMB. Any subsequent findings or conclusions by the WTO bodies concerned shall form part of a comprehensive report to be made by the TMB.

K. Special treatment for certain categories of members

36. Special treatment for certain categories of members is provided in Articles 1, 2, and 6 of the ATC. Apart from the advancement by one stage of the increase in growth rates set out in Article 2:18 for small suppliers as referred to earlier, the special treatment provisions contained in Article 1 are of a best endeavour nature (such as, paragraph 3 for non-MFA members). In application of the transitional safeguard mechanism, Article 6:6 requires the interests of the following exporting members to be taken into account:

- least-developed country members shall be accorded significantly more favourable treatment than that provided to the other members, preferably in all its elements but, at least, on overall terms;

- small suppliers shall be accorded differential and more favourable treatment in terms of restraint level, growth and other flexibility provisions (as provided in Article 6, paragraphs 8, 13 and 14). Due account will also be taken (pursuant to Article 1, paragraphs 2 and 3) of the possibilities for the development of their trade and the need to allow commercial quantities of imports from them;

- wool-producing developing country members, in view of their dependence on the wool sector and exports in the textiles and clothing sector consist almost exclusively of wool products, shall be given special consideration as regards their export needs when quota levels, growth rates and flexibility are being considered; and

- more favourable treatment shall be accorded to the outward processing trade (OPT).

L. Textiles Monitoring Body (TMB)

37. In order to supervise the implementation of the ATC, a Textiles Monitoring Body (TMB) is established as a standing body within the framework of the WTO, reporting directly to the Council for Trade in Goods. While the TMB will be similar to the Textiles Surveillance Body (TSB) of the MFA in many areas, the main differences between the two bodies will be in their functions and the representation of membership. Owing to the dismantling of the bilateral agreements under the MFA upon the entry into force of the WTO Agreement, the role of the TMB will focus on the resolving disputes arising from the implementation of the ATC and reviewing product-specific restrictions imposed under the transitional safeguards. The TMB will consist of a Chairman and 10 members chosen from among the WTO members on an ad personam basis, and will thus have a much broader representation.[7] It is understood that consensus within the TMB does not require the assent or concurrence of the TMB members appointed by members of the WTO involved in an unresolved issue under review by the TMB.

38. The main functions of the TMB, as required under the ATC, are the following:

- to examine all measures taken under the ATC and their conformity;

- to take the actions specifically required of it by the ATC;

- to ensure that members shall afford each other adequate opportunity for consultations with respect to any matters affecting the operation or the ATC;

- to make recommendations to the members concerned, in the absence of mutually agreed solutions, in the bilateral consultations provided for in the ATC;

- to review promptly any particular matter at the request of any member, in case the member(s) concerned have failed to produce a mutually satisfactory solution, and make observations as it deems appropriate to the member(s) concerned and for the purposes of the major review (as provided for in Article 8:11);

- to invite participation of the members that may be directly affected by the matter in question before formulating its recommendations or observations;

- to make recommendations or findings;

- to exercise proper surveillance of the implementation of its recommendations while the members shall endeavour to accept them in full; and

- to assist the Council for Trade in Goods to conduct a major review before the end of each stage of the integration process. In doing so, it shall, at least five months before the end of each stage, transmit to the Council for Trade in Goods a comprehensive report on the implementation of the ATC during the stage under review, in particular in matters with regard to the integration process, the application of the transitional safeguard mechanism, and the application of GATT 1994 rules and disciplines (as defined in Articles 2, 3, 6 and 7, respectively). Its comprehensive report may include any recommendation as deemed appropriate to the Council for Trade in Goods.

M. Relationship with the Dispute Settlement Body

39. If a dispute remains unresolved by the TMB, either member, as provided for in Article 8:10, may bring the matter before the Dispute Settlement Body, invoking Article XXIII:2 of GATT and the relevant provisions of the Dispute Settlement Understanding.

40. In order to resolve any disputes that may arise with respect to the imbalance between the integration process and the obligations as referred to in Article 7, the Dispute Settlement Body may authorize, without prejudice to the final date of termination of the ATC and all restrictions thereunder, an adjustment to the growth factors (as provided for in Article 2:14), for the stage subsequent to the review with respect to any member found not to be complying with its obligations under the ATC.

N. Relationship with the Council for Trade in Goods

41. In order to oversee the implementation of the ATC, Article 8:11 stipulates that the Council for Trade in Goods shall conduct a major review before the end of each stage of the integration process.

42. In the light of its review the Council for Trade in Goods shall by consensus take such decisions as it deems appropriate to ensure that the balance of rights and obligations embodied in the ATC is not being impaired (Article 8:12).

III. Trading opportunities arising from the main provisions of the Agreement on Textiles and Clothing

A. Phasing out the MFA restrictions

43. Market access opportunities in textiles and clothing sector can be expected to expand with the implementation of the "integration" programmes which will progressively abolish MFA quotas as referred to above. Several studies, following different methodologies, have estimated the likely volume of trade expansion resulting from the dismantling of the MFA. For example, a recent study estimated that, without the MFA, exports from MFA exporters to MFA importers would increase by 26 per cent for clothing and 10 per cent for textiles.[8] According to another recent publication of the United States International Trade Commission, the ATC would have a greater impact on the US textile and clothing sector than any other provisions of the WTO Agreements. It estimates that US textile imports would be likely to increase over 5 to 15 per cent and imports of clothing likely to increase over 15 per cent. The increase of US imports would be greatest from developing countries subject to MFA restrictions.[9]

44. However, the "integration" programmes may not bring any immediate trade liberalization. This is due mainly to the fact that because the Annex to the ATC contains many HS lines which have never been specifically restricted in any country. Such lines, as estimated,[10] accounted for 47 per cent in Canada, 34 per cent in the EU, and 37 per cent in the United States of the total imports in 1990. These volumes in the other restraining countries are 93 per cent in Austria, 81 per cent in Finland, and 83 per cent in Norway. Since Austria and Finland became members of the European Union (EU) on 1 January 1995, their integration programmes are covered by that of the EU.[11]

45. On account of the situation indicated above and as shown in Charts 1 to 5, the major restraining countries can fulfil their obligations under the Agreement in the first two stages without touching MFA quotas. Thus, a modest dimension of trade opportunities may only become perceptible from the beginning of the third stage, in year 2002.

(i) Integration Programmes of Stage One

46. As required by Article 2:6 of the ATC and the Decision[12] taken by the Ministers at Marrakesh in April 1994, Austria, Canada, the EU, Finland, Norway, and the United States notified in October 1994 the lists of products scheduled to be integrated by them in the first stage under the integration programme. The findings of an initial analysis of the notified integration lists of Canada, the EU, Norway, and the United States, which were effective as from 1 January 1995, are summarized in the paragraphs that follow.

47. In the case of Canada, the import value of the products integrated in the first stage was around $650 million, or nearly 13 per cent of total imports of textiles and clothing as defined in the Annex to the ATC (see Table 4).[13] As Canada has not provided the correlation between the HS lines and the categories integrated, it is not possible to ascertain whether the first stage integration of Canada will have any impact on world trade, and in particular on its imports from developing countries.

48. With regards to the EU's integration list, while the EU has apparently met the 16 per cent requirement in volume terms, this is due to the inclusion of some "ex-items".[14] Although in many cases these ex-items were only a fraction of the HS lines at the 6-digit level, the EU added up the full HS 6-digit volume when computing the amount of imports integrated. However, when these lines are disaggregated at the 8-digit level, it is difficult to identify, in most cases, the subitems of textiles material. Therefore, if only a percentage of the HS 6-digit trade is included, say for example, 50 per cent, then the share of trade (the percentage volume) integrated would be less than 16 per cent as required by the Agreement. With regard to the category of products included in the EU's list, it should be noted that none of the 10 notified categories were subject to any MFA quota in 1994. Although products of two categories were subject to the EU regional quotas for a few exporting countries in 1990, these quotas were later eliminated with the creation of the EU single market in 1992. In value

terms, the products integrated in the first stage by the EU had a import value of $3,700 million in 1990, that is 8.7 per cent of the EU's total imports of textiles and clothing as defined in the Annex to the Agreement. However, if attention is limited to Section XI (textiles and textile articles including clothing) of the HS Code, the products integrated would represent less than 2.3 per cent of the EU's textiles and clothing imports. The import value of products integrated by the EU in the first stage represents less than 8 per cent of developing countries' exports of textiles and clothing to the EU in 1990 (see Tables 5 A and B).[15]

49. The first stage integration list of the United States does not include any product covered by the MFA restrictions.[16] The import value of the products integrated was $2,300 million, or 6.9 per cent of the US total imports of textiles and clothing in 1990. For developing countries, the import value represents less than 5 per cent of their exports of textiles and clothing to the United States in 1990 (see Table 6). Among the products integrated 40 per cent fell outside Section XI of the HS Code and they were mainly in made-ups and clothing segments. Ex-items could also be found in the segment of made-ups.

50. The integration list of Norway is based on the HS lines and contains many ex-items which in many cases are only a fraction of the full HS lines at the 6-digit level. Like the EU, Norway added up the volume of imports for the full HS 6-digit line when computing the amount of imports integrated. Assuming, therefore, that only a portion of the HS 6-digit trade should be included, say for example 50 per cent, the volume of trade actually integrated would be less than 16 per cent required by the Agreement. In value terms, the products integrated in the first stage are equivalent to $143 million of imports, or 7.4 per cent of Norway's total imports of textiles and clothing in 1990. It is important to note that among the products integrated, only about 2 per cent fell within Section XI of the HS Code (see Tables 7 A and B).

51. To summarize, products that have not been subject to restrictions have been "integrated" first, while the integration of more sensitive products in each category has been postponed. Furthermore, the products integrated from each of the four (i.e. tops and yarns, fabrics, made-up textile products and clothing) in the first stage by the EU, Norway and the United States were uneven. For example, the share of clothing was minimal as shown in Tables 4 to 7. In the EU list, clothing accounted for less than 3.1 per cent of the total volume of developing countries' exports of that segment to the EU in 1990; in the case of Norway, clothing accounted for only 1 per cent; and in the case of the United States, it accounted for only 1.72 per cent. In conclusion, the analysis found that:

- in order to meet the integration target which was set in volume terms, the products integrated were high in volume and low in value;

- no product integrated into GATT 1994 by the EU, the United States, Norway and perhaps Canada was covered by the quantitative restrictions under the MFA; and therefore

- the first stage of the integration programme would not lead to any trade liberalization, thus having no impact on world trade in textiles and clothing, and offering no new market access opportunities for developing countries.

52. A recent analysis[17] of the International Textiles and Clothing Bureau (ITCB) also found that in the first stage integration programmes of Canada, the EU, and the United States had not provided meaningful market access opportunities for developing countries. This was mainly due to the following reasons: (i) most of the product groups chosen from the Annex to the Agreement were those outside of Section XI of the HS Code (not subject to MFA restrictions) and their inclusion was merely to inflate the total volume of imports for integration; (ii) none of the 280 HS lines in the United States' list was included in its traditional textile category system; and (iii) tops and yarns received priority in Canada and the United States and accounted for more than 50 per cent of their integration items. The fabric group assumed a significant portion in the EU on account of the inclusion of jute fabrics, laminated fabrics and luggage. Clothing

was given minimal attention in all the three countries (as very few clothing items were included). The ITCB analysis, however, referred to a positive element of the removal of some residual restrictions by the EU on jute products, luggage, umbrellas, parachutes and watch straps, which might benefit some developing countries such as Bangladesh and India in terms of some jute products.

53. As it was expected earlier[18] that the products that had never been subject to restriction would be "integrated" first, while the integration of more sensitive products in each category would be postponed as long as possible. Indeed, there were indications that the EU was contemplating only token steps towards the first stage of the integration programme.[19] As these programmes were not designed, in the first stage of integration, to phase out the MFA restrictions, the United States in its Uruguay Round Agreements Act also required the Administration, in determining which products should be integrated, to ensure that integration of the most sensitive products be deferred until the end of the 10-year period.[20] Therefore, the integration in the first stage does not seem to make any material change in the protection of the domestic industries of the restraining countries. Consequently, it is not likely to entail any need for structural adjustment. It could thus make the process of adjustment more painful in the subsequent stages.

(ii) US Integration Programmes of Stages Two and Three

54. As regards further stages in the integration programme, Article 2:11 of the ATC stipulates that products to be integrated at the second and third stages have to be notified in details to the TMB 12 months before their coming into effect. The United States, however, under Section 331 of its Uruguay Round Agreements Act of 1994, has decided to publish "no later than 120 days after the WTO Agreement enters into force for the United States" a second list of products which it intends to integrate in the second and third stages of integration, and to notify this second list to the TMB no later than 30 days after its publication.[21] On 1 May 1995, this second list was published in the US Federal Register (Vol. 60, No. 83).[22] According to an estimation made by the secretariat, the US programme of integration in the second and third stages would represent 10.7 per cent and 11.3 per cent of the total import value in 1990, respectively. As a result, the first three stages of integration will leave more than 70 per cent of the value (see Chart 6) and nearly 50 per cent of the volume of 1990 imports to the US till the very end of the 10-year transition period.

55. As of which exporting countries that may benefit from the above-referred US programme of integration in the second and third stages, the estimation shows that the benefits of integration would very much depend upon the scope of the restrictions that were imposed by the developed importing countries on developing exporting countries. These exporting countries that are faced with a much large number of restrictions (such as China (if it becomes a WTO member), Hong Kong, Republic of Korea, Taiwan Province of China (if it becomes a WTO member), Pakistan, Philippines and Singapore) would seem to benefit from the liberalization of a few marginal restrictions (i.e. babies garments, down-filled coats and hosiery) at the beginning of the second stage. The beneficiaries in the third stage would be mostly the large and the medium exporting countries (including Bangladesh, Brazil, China (if it becomes a WTO member), Haiti, Hong Kong, India, Indonesia, Jamaica, Republic of Korea, Macau, Malaysia, Mauritius, Myanmar, Pakistan, Philippines, Romania, Singapore, Sri Lanka, Taiwan Province of China (if it becomes a WTO member), Thailand, Turkey and United Arab Emirates). The small exporting countries would likely have to wait until the very end of the 10-year transition period (for details see Table 8).

B. Increases of the annual growth rates and other flexibility provisions

56. In parallel to the integration programme, the Agreement also provides for increases during the transition period in growth rates of the remaining quotas. This would result in substantial improvements in access to markets by the developing countries in the sector of textiles and clothing, particularly for the small suppliers due to their entitlement to the advancement by one stage of the growth rates. Given that they are calculated as percentages of percentages

(see Table 9), the increases will be meaningful to the extent that significant growth rates have been incorporated in the bilateral agreements existing at the day before the entry into force of the WTO Agreement.

57. Whereas the MFA quota-weighted average growth rate for all the restraining countries was around 3 per cent, by the beginning of the third phase of the transition period, the growth rate could rise to 5.52 per cent. Thus, by the end of the 10-year period, quotas could be enlarged by 54 per cent. For those exporting countries that enjoyed higher growth rates under the MFA, such as 6 per cent, by the beginning of the third phase, the growth rate could rise to about 11 per cent, resulting in the enlargement of the quotas by 134 per cent at the end of the 10-year transition period.

58. As estimated by the ITCB, the total volume of quotas would increase by 102 per cent in Canada, 64 per cent in the EU, and 89 per cent in the United States at the end of the transition period (see Table 10). These estimations are based on the assumption that the existing quotas would remain intact until the end of the transition period.

59. For specific developing exporting countries, for example, Bangladesh, which enjoyed 7 per cent growth rate in the United States market, its MFA quotas would increase from 255 million square meter equivalents (SME) in 1994 to 682 million SME in 2004. For India, with a growth rate around 3 per cent, its exports of MFA restraint products to the EU would increase from 176,625 tons in 1994 to 278,524 tons in 2004. Brazil, enjoying a growth rate around 6 per cent, would increase its exports of MFA restraint products to the United States from 301 million SME in 1994 to 701 million SME in 2004. For Jamaica, with a growth rate of 6 per cent, its exports of MFA restraint products to Canada would increase from 3.6 million SME in 1994 to 8.4 million SME in 2004.

60. But major suppliers have been cut back to low growth rates over the last several years; for example, the Republic of Korea whose annual growth rates for the United States market are currently limited to an average of about 1 per cent. Thus, in the first three years, a 16 per cent increase in the Republic of Korea's 1 per cent annual growth rate would only yield a new rate of 1.16 per cent. In the second stage, the annual growth rate would move up to 1.45 per cent, and in the third stage, it would reach 1.84 per cent (for details see Table 9).

61. With respect to the application of flexibility provisions, Article 2:16 of the ATC stipulates that there should be no quantitative limits to the combined use of swing, carryover and carry forward. In other words, all such limits applied under the MFA should be removed immediately after the entry into force of the WTO Agreement. This would be tantamount to an improvement in the market access conditions of some developing exporting countries since it would facilitate a full use of their quotas during the transition period.

C. Phasing out other non-MFA restrictions

62. While quantitative restrictions maintained by the members under the MFA should be phased out over the 10-year transition period as referred to above, under the ATC, members are also committed to notify in detail all their restrictions on textile and clothing products (other than those maintained under the MFA), whether consistent with GATT 1994 or not, to the TMB within 60 days following the date of entry into force of the WTO Agreement. Such notification should also include information with respect to whether or not the restrictions are justified under GATT 1994 provisions. Any members may also make reverse notifications in this regard or concerning any restrictions that may not have been notified under the provisions of this Article.

63. In general, non-MFA restrictions could be grouped into three categories as follows:

(a) restrictions falling outside the MFA imposed by some developed countries which were signatories to the MFA. These include, for example, Japan's import restrictions on silk yarn against China and the Republic of Korea, and on cotton yarn against Pakistan;[23] the price surveillance system of

Switzerland on imports of textile and clothing products;[24] and the EU restraints on imports of textiles and clothing from Turkey, Egypt, Japan, Honduras, Costa Rica, and El Salvador;[25]

(b) restrictions imposed by MFA signatories against non-MFA signatories. These include, for example, the EU restrictive actions on imports of textiles and clothing from Morocco, Tunisia, Malta, some Latin American countries and some countries in transition;[26] the United States restrictive measures applied against Bahrain, Mauritius, Haiti, Lesotho, etc.;[27] and

(c) measures maintained by other countries, including developing countries, whether or not MFA signatories, except those justified under the provisions of GATT 1994. Such measures include restrictive licensing system, state trading, quotas, prohibitions, restrictions, government assistance plans and schemes, etc.[28]

64. Owing to the usual conceptual and definitional problems, it might continue to be difficult in determining the extent to which the non-MFA restrictions were applied. However, with the strengthened GATT rules and disciplines, particularly in the areas such as safeguards, balance-of-payment provisions, notification procedures, etc., these GATT-inconsistent non-MFA restrictions will now have to be either brought into conformity with GATT 1994 within one year following the entry into force of the WTO Agreement, or phased out progressively under a programme within the duration of this Agreement. Furthermore, countries affected by these GATT inconsistent non-MFA restrictions can also make reverse notifications to the TMB.

65. This would no doubt bring increased security and predicability to developing countries' access to the world market of textiles and clothing. However, in most cases, it is unlikely that these restraining countries would bring their above-mentioned non-MFA restrictions into conformity with GATT 1994 by converting them into global quotas under GATT Article XIX when MFA restrictions on the same products would continue until they are integrated. Therefore, it is more realistic for these countries to phase out these non-MFA restrictions progressively synchronizing with the integration programmes of the concerned products. Since no provision in Article 3 requires restraining countries to provide the increases in annual growth rates as in the case of MFA restrictions, these restrictions may retain their existing conditions during the phase-out period. Therefore, it is important for developing countries to seek the benefits of the increases in annual growth rates.

D. Special treatment for small suppliers

66. As noted above, the provisions of special treatment for certain categories of members are on the same lines as these provisions of the MFA and its 1986 Protocol. While most of the special treatment provisions contained in the ATC are of a "best endeavour" nature (such as, for least-developed countries, wool-producing countries and countries dependent on outward processing trade), the only new feature is a quantified definition (or specific threshold) of small suppliers with regard to the MFA restrictions and the special treatment for non-MFA signatory members.

67. It is provided that small suppliers, defined as those whose exports under restrictions represent 1.2 per cent or less of the total volume of the restrictions applied by an importing member as of 31 December 1991, shall be granted "meaningful improvement" in access for their exports during the implementation of this Agreement. Meaningful improvement is implemented through advancement by one stage of growth rates provided for products remaining under restrictions. In other words, the growth rates of small suppliers would be increased at the beginning of each stage by 25, 27 and 27 per cent, respectively, instead of 16, 25 and 27 per cent.

68. Countries that would qualify on the basis of 1991 volume of trade under restrictions, as estimated by ITCB, are listed in Table 11. Taking Sri Lanka for example, its MFA quota-weighted average growth rate in the bilateral agreement

with the EU was 7.3 per cent in 1994. As a small supplier to the EU market, Sri Lanka's growth rate by the beginning of the third integration stage could rise to nearly 15 per cent, resulting in the enlargement of its quotas by more than 170 per cent at the end of the 10-year transition period. For Jamaica, which enjoyed a 6 per cent growth rate under its bilateral agreement with the United States in 1994, by the beginning of the third stage, its growth rate would rise to 12 per cent, resulting in the enlargement of its quotas in the United States market by around 152 per cent at the end of the 10-year transition period.

IV. Trading opportunities resulting from tariff reductions by Quad countries and from trade liberalization measures by developing countries

A. Tariff reductions by Quad countries

69. With the gradual phasing-out of MFA quotas and the elimination of other GATT-inconsistent non-MFA restrictions, tariffs would become the main instrument of border protection on this sector, thus treating textiles and clothing products from developing countries as regular industrial products. As a more transparent form of import protection, tariffs would ensure predictability and allow market signals to have a greater influence on the orientation of textiles and clothing production and consumption decisions. In this sense, the tariff reductions in the markets of the major developed countries would, in the long run, effectively improve the market access of developing countries and provide increased security and predictability for their trade in textiles and clothing.

70. The average tariff level in the textiles and clothing sector had always been considerably higher than for all industrial products in the developed countries. The pre-Uruguay Round average tariff in the developed countries as a group for textiles and clothing products was 15.5 per cent compared to 6.3 per cent for the industrial products. The Uruguay Round had reduced the level to 12.1 per cent for the textiles and clothing sector as against 3.9 per cent for all industrial products. The reduced level for the textiles and clothing sector would still stand at more than triple the Uruguay Round average tariff for all industrial products. The depth of cuts in this sector was also significantly less, being 22 per cent compared to 38 per cent for all industrial products.[29]

71. An analysis of the Quad countries' tariff reductions on import from all sources shows that while Canada and Japan cut their tariffs in the textiles and clothing sector by 38 and 33 per cent respectively, the percentage of reduction in the EU and the United States amounted to 17 and 13 per cent, respectively. The average level of tariffs in the textiles and clothing sector in the post-Uruguay Round period among the four would be lowest in Japan at 8.1 per cent followed by the EU 9.7 per cent, Canada 12.6 per cent and the United States 13.6 per cent (see Table 12). It is important to note that smaller reductions were given to imports of interest to developing countries and that the average levels of tariffs in Canada and the United States had remained higher for imports from developing countries than from all sources. This was mainly due to the fact that the Quad countries did not offer tariff reductions on products for which non-GATT contracting parties, such as China, are major suppliers.[30]

72. There is a noticeable tariff escalation among the Quad countries. Disaggregated tariff averages reveal a clear tendency to rise with the stage of production in each of the four countries. The post-Uruguay Round tariff averages (from imports from all sources) for tops and yarns in the EU and Japan would be around 4 per cent and in Canada and the United States they would be 7.1 and 6 per cent, respectively. The tariff averages for clothing would be 9.4 per cent in Japan, 11.5 per cent in the EU and, 15 per cent in Canada and 15.7 per cent in the United States (see Table 13).

73. The textiles and clothing sector in the developed countries is protected by a higher average level of tariffs as well as by MFA restrictions. It amounts to double protection. According to a 1989 study by the United States International Trade Commission, on average the tariff-equivalent of MFA restrictions for clothing was 28.3 per cent.[31] Thus, without removing discriminatory MFA restrictions against developing countries, the reduction of tariffs simply provides additional advantages for exporters from countries (mainly developed) that are not subject to restraints. Therefore, in the short run, net trade effects of tariff reductions on products covered by the ATC are likely to be negligible as tariffs have not been a major barrier for the expansion of textiles and clothing trade from the developing countries and the quotas have been the real obstacle.

74. Nevertheless, the tariff peaks in the textiles and clothing sector have often retarded the trade flows to such an extent that the need for quotas was obviated. Nearly one third of the total imports of textiles and clothing in all developed countries were facing tariff peaks of 15 per cent and above in the pre-Uruguay Round period. Most of these peaks are in the clothing products. The tariff peaks would come down to cover 28 per cent of the total imports. This should certainly lead to some trade expansion.

B. Trade liberalization measures taken by developing countries

75. Although developing countries are traditionally considered as exporters of textiles and clothing, in recent years they have become increasingly significant importers, with a number of them emerging as important new markets for textiles trade. In 1992, developing countries as a whole imported US$ 87,000 million worth of textile and clothing products, which accounted for around 30 per cent of world total imports. As compared with their imports in 1989 of $55,033 million, the increase was nearly 58 per cent. During the period 1989-1992, developing countries' imports of textile and clothing products from the OECD countries increased 41 per cent from $19,139 in 1989 to $27,014 in 1992, while their exports to the OECD countries increased 30 per cent from $62,858 in 1989 to $81,487 in 1992 (see Tables 14 and 15).

76. During the same period, the intra-developing country trade of those products also increased considerably. In 1992, intra-developing country imports reached a record high of $59,341 million and increased 73 per cent than that of 1989 (see Table 16). The prospects for rapid expansion of the intra-developing country trade in textiles and clothing, particularly the emerging new markets in Asia and Latin America are strong and bright as most of these countries have simultaneously been taking steps for liberalization of their import and exchange control regimes, and as rising standard of living would further increase the demand for bought and non-traditional style clothing. Such expansion of trade in textiles and clothing have also created new opportunities for the international trading community, particularly for those developing countries that, until now, have been almost entirely dependent upon the markets of the developed countries.

77. In the past, many developing countries protected their domestic textile and clothing production from import competition or in pursuing an import-substitution policy on the basis of the infant-industry argument. Since the late 1970s and early 1980s, more and more developing countries have adopted trade liberalization as a general strategy to sustain economic growth. During the course of the Uruguay Round negotiations, almost all the Latin American countries had autonomously removed restrictions on the imports of the textile and clothing products. Several Asian countries had, at the same time, opened their markets to imports as a part of their programmes of economic liberalization.

78. Within the context of the Uruguay Round Agreements, developing countries have also made significant contributions by undertaking tariff reductions, tariff bindings and the elimination of non-tariff measures with respect to textiles and clothing. It is, however, not possible at this stage to calculate the average depth of cut in textiles and clothing tariffs for this group of countries because for many of them ad valorem equivalents of specific duties and trade-weighted averages of tariffs are not available. Nevertheless, it is noticed that the reductions in the textiles and clothing sector in trade-weighted tariff averages range from 9 per cent in Zimbabwe to 52 per cent in India. Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Indonesia, Jamaica, Mexico, Peru, Uruguay and Venezuela have bound all their tariffs. The scope of tariff bindings of India, Turkey, Singapore, the Republic of Korea, Malaysia, Philippines, Thailand, and Tunisia range from 61 to 98 per cent. Senegal and Zimbabwe have also bound 22 and 44 per cent of their tariffs respectively (see Table 17).

79. More recently, Thailand has decided to cut its tariff on nearly 4,000 tariff lines which would bring the country's import duties down from 100 per cent to a maximum 30 per cent by 1997. The new tariff cuts became effective from 1 January 1995, and would reduce the average tariff on almost all imports,

excluding agricultural products, from 39.24 per cent to 17.61 per cent when fully implemented. For example, artificial and knitted fabrics would have duties cut from 60 to 40 per cent in 1995 and to 20 per cent in 1997. It is reported that the new tariff cuts are generally deeper than that required by the GATT agreement.[32]

80. India, as a result of the recent conclusion of its bilateral textile agreements with the United States and the EU, have also agreed to liberalize its textiles import regime by removing all yarns, fibres, and some industrial fabrics from its restricted list of imports. For certain other fabrics and garments, the removal will start in 1998. Restrictions for most other garments will be phased out by 2002. As part of its Uruguay Round commitments, India agreed to reduce tariffs on various textiles items to 20 per cent or less from the current 65 per cent to 70 per cent. As an intermediate step, tariffs on these products would be cut to 40 to 50 per cent within three years.[33]

81. Recently, the Pakistan Government decided to phase out its concessional credit facility and dual cotton-pricing system, and to improve the access of textile and clothing industry to fibres, yarns and cotton substitutes by allowing import at reduced tariffs. The tariffs on selected textile products would be reduced during the transition period of the ATC to 35 per cent for clothing, 25 per cent fabrics and 15 per cent for fibres and yarns.[34] More recently, South Africa also proposed to liberalize its textiles trade.[35]

82. The above-mentioned commitments by developing countries with respect to tariff reductions and tariff bindings together with the obligations of the phasing out of GATT-inconsistent non-MFA restrictions, and the strengthened GATT rules and disciplines, particularly in the areas such as safeguards, balance-of-payment provisions, notification procedures, etc., would no doubt bring increased security and predictability for access to their market of textiles and clothing.

V. Measures and issues that may affect the effective implementation of the Agreement on Textiles and Clothing

A. The "end-loading" of the integration programme

83. The Annex of the ATC covers the whole universe of textile and clothing products in Section XI of the HS Code (excluding fibres), including many products that have never been specifically restricted under the MFA in any importing country. In addition, it also includes items from certain other Sections of the HS Code, which strictly speaking are not textile products, but have some textile components, (e.g. soft luggage, footwear uppers, umbrellas, seat belts, etc.). Some of these products have found their way into the textile category system of the United States and were covered by its bilateral textile restraint agreements under the MFA. The EU also applies non-MFA restrictions to some of these items. As indicated above, these products would account for more than 34 per cent of the total volume of imports in the EU, 37 per cent in the United States, 47 per cent in Canada, and 83 per cent in Norway. The inclusion of unrestricted items inflates the volume of total imports which forms the base for the integration programme. As discussed above, this had enabled the developed importing countries to meet the integration percentage required by the ATC with the inflated volume of imports, and to avoid liberalizing the existing MFA restrictions during the earlier stages of the integration. Table 18 contains MFA or MFA-type of restrictions applied by the importing country members against other GATT CPs/WTO members.

84. According to the integration ratio in volume terms, as laid down in the ATC, only 51 per cent of the products covered in the Annex will be integrated into GATT 1994 over the 10-year transition period in three stages, leaving the balance of 49 per cent to be integrated on the very last day of the transition period. In value terms, as estimated earlier, in case of the United States, the first three stages of integration will leave more than 70 per cent of the value of its 1990 imports of these products till the very end of the 10-year transition period.

85. Because the ATC allows each restraining country to choose its own range of textile and clothing products it prefers to integrate at each of the first three stages, they can easily evade the phasing-out of the most sensitive MFA restrictions until the final stage. Such an "end-loading" programme evokes some doubts as to the credibility of the integration programme, as the protectionist forces of the textiles and clothing industries in the developed countries will seize every opportunity to lobby their governments to delay the integration process and as it would make the process of structure adjustment more painful in the final stage. In this regard, the United States approach of setting out the products to be integrated at each stage 120 days after the entry into force of the WTO Agreement should facilitate the process.

86. Furthermore, given the complexity of, and differences in, the system of major importing countries' categorization for textiles and clothing, it would make the integration programme difficult to be monitored.[36]

B. Transitional safeguards and the influence of the MFA

87. As a transitional arrangement aimed at achieving progressive trade liberalization in the textile sector, the ATC has succeeded in strengthening the criteria applied under the MFA. For example, the ATC has dislodged the element of "low-prices" imports[37] from the provisions of the transitional safeguards. As a new positive element in determining serious damage or actual threat thereof, the country imposing the transitional safeguard action, as required by the ATC, should also examine "on the basis of the level of imports as compared with imports from other sources" whether the serious damage has been caused to the domestic producers of products due to the totality of imports from all sources. This could be viewed as an important step towards the dismantling of the MFA that was based on the concept of "market disruption". Under the situation of "market

disruption", MFA required a causality between the existence of serious damag and the disruptive imports. In other words, the serious damage must be cause by the "low-price" imports, i.e. a sharp and substantial increase in imports fr a particular source at prices substantially below those prevailing in the marke of the importing country.

88. Furthermore, the transitional safeguard actions can now only be applie in situations where imports have actually caused serious damage or actual threa thereof. There is no possibility of taking preventive action to avoid "rea risks" of serious damage, as was the case under the MFA. This has been considere as an improvement in order to prevent the misuse of the transitional safeguar mechanism in practice.

89. While the ATC has managed to remove certain disturbing features of the MFA it is, however, in many respects a further extension of the MFA that wi continue to influence trade in this sector over the transition period. Under th provisions of the transitional safeguards, discriminatory measures can still b applied to products covered by the Annex (excepting those integrated into GAT 1994) for up to three years on a member-by-member and/or a product-by-produc basis against both former MFA and non-MFA signatory members to whom seriou damage, or actual threat thereof, is attributed. Under the ATC, the determinatio of "serious damage" must only be product-specific (while under the MFA, th determination of "market disruption" was both product- and country-specific[38]) and once such determination is made, an importing country can seek a quota wit any supplier whose exports of a specific product are "increasing sharply an substantially", no matter how minimal its exports to the importing country. A a result, there could be a proliferation of very small quotas that might not hav been justifiable under the MFA.

90. In terms of the factors employed in determining "serious damage", it ma have negative effects on developing exporting countries as some new elements suc as wages and domestic prices have been added to the list of elements fo determining serious damage.[39] In addition, transitional safeguard actions ca be taken either by mutual agreement, following consultations, or unilaterally subject to examination by the TMB.

91. Furthermore, the new concept of cumulation of damage caused by th increased imports from more than one source (or the totality of imports a referred to above), implies that more than one member could be held responsibl for the serious damage, and a transitional safeguard measure could therefore b imposed on several members at the same time. In this regard, it is important t note the concerns caused by the United States "calls" against imports of bot underwear and nightwear made of cotton and man-made fibre from eight countrie (the Dominican Republic, Honduras, Costa Rica, Thailand, Turkey, El Salvador Jamaica and Colombia) based on the concept of cumulative damage,[40] despite th ATC calls for members to avoid frequent recourse to such provisions and to ensur the transitional safeguards to be applied "as sparingly as possible".

92. In fact, as reported since the entry into force of the WTO Agreements o 1 January 1995, the United States, under the transitional safeguard mechanism has made more than twenty "calls" to institute new quotas against imports o textile products from developing countries. For example, most recently, th United States issued three "calls" on certain woollen garments from India Honduras and Hong Kong.[41] In some cases, the United States has even tried t impose specific limits on certain textile products (e.g. cotton and man-mad fibre underwear from Thailand) that were already subject to group limits despit Article 6:4 of the ATC provides that no transitional safeguard measure shall b applied to the exports of any member whose exports of the particular product were already under restraint under the ATC. Such developments have become on of the major concerns of many developing countries and could lead them t question the effective implementation of the ATC provisions by the majo importing countries and the credibility of the WTO Agreements as a whole.

93. Another implication of the ATC is that as an integral part of the WT Agreement and applicable to all WTO members' trade in textiles and clothing, som WTO members, including many developing countries whose exports are continuousl subject to MFA quota restrictions during the 10-year transition period have als

decided to retain the right to use the transitional safeguards against imports of textile and clothing products from other countries. Therefore, some developing countries may find themselves faced with the transitional safeguards in their export markets (whether or not they were signatories to the MFA) while also imposing such safeguards against imports from other developing or developed countries.

C. Linkages with the commitments under other WTO agreements

94. The provisions of Article 7 of the Agreement establish the linkage between the benefits of the economic package of the ATC and some of the obligations under other WTO Agreements, which include the specific commitments: to achieve improvements in market access; to ensure the application of policies fairly and equitably in respect of dumping, subsidies and intellectual property protection; and to avoid discrimination against imports of textile and clothing products. In case of non-fulfilment of these commitments by a member, the other member can deny the application of the increases in growth rates.

95. Such linkage, particularly as unilaterally interpreted or defined, could give rise to disputes and pose a threat to the effective implementation of the ATC. In this regard, it is important to note that some major importing countries, in their national implementing legislations, have linked the integration process, the increases in growth rates for MFA quotas, the GSP status, etc., with further opening of markets by developing countries for their exports of textile and clothing. For example, the United States has put an additional note to Section XI of its Tariff Schedule, which provided that the concessions in its schedule "on all textiles and clothing products covered by the Agreement on Textiles and Clothing, as specified in the Annex to that Agreement, are established based upon the fundamental understanding that the maintenance of the balance of rights and obligations under the Agreement on Textiles and Clothing, in particular Article 7 thereof, means Members will provide effective market access to textiles and clothing entering their territory from the United States. An assessment of effective market access is based upon the following criteria: (i) the reduction and binding of tariff rates at levels no higher than 35 per cent for apparel, 30 per cent for fabric and made-ups, 15 per cent for yarns, and 7.5 per cent for fibres; and (ii) the elimination of all non-tariff barriers within three years and a commitment that no new non-tariff barriers will be established".[42]

96. The United States Uruguay Round Agreements Act also contains the similar provision as quoted above. The legislation also requires the Administration to review, in light of the request made above to the key exporting members, their tariff bindings made in the area of textiles and non-MFA restrictions notified by them to the TMB under Article 3 of the ATC. Such review should be made no later than 120 days after the entry into force of the WTO Agreement and periodically thereafter. As a result of the review, the US Administration will take measures as appropriate to obtain market access commitments from "any signatory to the WTO Agreement that is a significant exporter of textiles and apparel to the United States" and failed to provide adequate access to its market for US textiles and clothing products. For details of these measures see Annex II:(a).

97. The criterion of defining the "significant exporter of textiles and apparel to the United States" will be subject to unilateral interpretation by the United States. Thus, it is not clear which exporting countries will be targeted. This would certainly pose a threat to the effective implementation of the ATC.

98. During the course of the negotiations, developing exporting countries had argued that the concessions they would have made in this area should be compatible with their development, finance and trade needs and that, as a matter of principle, they should not be asked to "pay" for the abolition of what constitutes a derogation from GATT. India, however, in order to safeguard its interests has linked its tariff reductions with respect to textiles and clothing products to the integration programme of the MFA restrictions under the ATC. The explanatory notes (iii) to Section II of India's tariff schedule provided that: "In the case of items falling under chapters 51 to 59, the reduction of tariffs

to the level of 25% or 40%, as the case may be, will be achieved over a period of 10 years. The reductions will be calibrated to the integration process envisaged in the Agreement on Textiles and Clothing. That is, the reduction in duty will be achieved by reducing the difference in percentage points between the base rate of duty and bound rate of duty to the extent of:

(a) 15%, on the First of March following the date of entry into force of the Agreement on Textiles and Clothing,

(b) 20%, on the First of March following the first day of the 37th month that the Agreement on Textiles and Clothing is in effect,

(c) 20%, on the First of March following the first day of the 85th month that the Agreement on Textiles and Clothing is in effect,

(d) 45%, on the First of March following the first day of the 121st month that the Agreement establishing the World Trade Organization is in effect.

99. If the integration process envisaged in sub paras 6 and 8 of Article 2 of the Agreement on Textiles and Clothing does not materialise in full or is delayed, duties will revert to the level prevailing on 1.1.90."[1]

100. This is perhaps the first time for a developing country to use a "snap back" clause to link its tariff concessions with the commitments of other developed countries in the multilateral trade negotiations.

D. Implications of trade liberalization in this sector for some developing countries

101. The tariff reductions by the developed countries, together with the gradual phasing-out of MFA and GATT-inconsistent non-MFA restrictions in the long run may also have an impact on some developing countries which are benefiting from preferential market access arrangements and/or enjoying duty-free treatment as there would be some erosion in the margin of preferences. These include the Caribbean countries and Mexico as the beneficiaries of the preferential market measures by the United States (these include United States imports under its Harmonized Tariff Schedule Subheading 9802 and the Guaranteed Access Level programme); and Morocco, Tunisia, Turkey and Central and Eastern European countries as beneficiaries of the EU passive processing traffic programme (or the so-called "outward processing trade") which, in combination with the Lomé Convention and Mediterranean Agreements, have extended preferential market access in terms of lower tariffs and higher volumes under quantitative restriction arrangements for clothing imports assembled from EU inputs.

E. Conceptual and definitional problems of the ATC

102. Unlike other WTO agreements, articles of the ATC are without headings. This perhaps may not be by accident and could create vagueness and affect the faithful implementation of the ATC. Particularly, this could lead the application of the ATC in an inequable manner. For example, some importing countries have notified some of their former MFA restrictions as if these were non-MFA restrictions (see Table 19). The objective might be to phase out these MFA restrictions in an accelerated manner rather than under the integration programme as laid out in Article 2 of the ATC, thus creating an inequitable treatment in the integration programme.

F. The role of the TMB

103. Although the ATC is an integral part of the WTO Agreements, a partial role for settlement of disputes in relation to the implementation of the ATC, as discussed earlier, has been assigned to the TMB. Consequently, in matters

remaining unresolved in mutual consultations, WTO member countries are required to have first recourse to the TMB rather than directly to the DSB under the integrated dispute settlement system. This, in some cases, is bound to prolong and delay the settlement of disputes when WTO member countries may eventually have to pursue certain matters through the DSU after the TMB process fails to produce a satisfactory resolution.

104. Moreover, contrary to the DSU, the TMB is required to take all its decisions by consensus among its members. Although such consensus does not require assent or concurrence of TMB members appointed by WTO member countries involved in an unresolved issue under review by the TMB, the fact is that lack of a consensus by any of the other eight or nine TMB members can potentially block the process. This is in direct contradiction with the DSU under which the adoption of panel reports is to be automatic unless there were a consensus not to adopt the report.

105. Consequently the TMB process and procedures can effectively prevent WTO member countries from having an effective and speedy resolution of disputes arising out of the implementation of the ATC. Hence the TMB may result in a repetition of the experience under the MFA where countries were left to slip into bilateral deals, often weakening the multilateral disciplines.

H. The new EU GSP schemes

106. The recent development in the new EU GSP schemes[44] of the so-called "tariff modulation" for textile products have caused concern to many developing countries as its real impact may need to be analysed in details. The new EU GSP scheme is drastically different from its previous approach. Under the new EU GSP scheme, quotas will be replaced by the tariff modulation under which 85 per cent of MFN duty rate will be imposed on very sensitive textile products, 70 per cent on sensitive products, 35 per cent on semi-sensitive products, and duty-free for non-sensitive products.

I. The new textiles origin rules of the United States

107. In Section 334 of the United States implementing legislation URAA, the US Treasury Department is asked to change the rules of origin by 1 July 1996 which affect a broad range of products, from T-shirts to pants to dresses. Rules of origin determine which country's quotas should be charged for particular imports when manufacturing of the goods occurs in more than one country. As in most instances, the new rules will make the country in which assembly occurs as the country of origin; countries that do a great deal of assembly work on parts cut in other countries will be greatly affected by the change.

J. Relationship with other GATT-consistent measures

108. Furthermore, the phasing-out of MFA and GATT-inconsistent non-MFA restrictions might also lead to pressures for an increased application of other GATT-consistent trade-remedy measures, such as anti-dumping and countervailing actions against imports of textiles and clothing.[45]

K. Impact of regional arrangements

109. In parallel to the Uruguay Round negotiations, some countries have also engaged in the processes of forming or enlarging their regional trading arrangements. These arrangements, particularly NAFTA and the enlargement of EU (including the Europe Agreement) could have considerable impact on the trade of textiles and clothing of developing countries and may require a study. For example, the EU preferential arrangements for the Europe Agreement countries provide for a programme of elimination of MFA restrictions on 1 January 1998.[46]

L. Implications of the ATC for non-WTO members and the impact of their staying outside the multilateral trading system

110. Both the US and the EU Uruguay Round implementing legislation contains different provisions with respect to the application of quantitative restrictions against imports from non-WTO countries. In most cases, non-WTO member countries will not benefit from the trade liberalization programme, as provided for in the ATC, in particular from the integration programme of phasing-out MFA and MFA-type of quotas against their exports of textile products, as well as from the increase in growth rates for products still remaining under restriction during the 10-year transition period. Non-WTO member countries could even be challenged by new restrictions applied against their textile exports without any time-limits. Furthermore, they could also be affected by the changes in the implementation legislation of the major importing countries, such as the new textile origin rules of the United States as discussed above.

111. Although it is logical that these countries that did not contribute trade liberalization package should also not benefit from it, the creation of such a dual system could weaken the rules and disciplines of the multilateral trading system that have just been strengthened by the Uruguay Round. Particularly in the areas of safeguards where the scope of GATT prohibited measures such as voluntary export restrictions (VERs) and orderly marketing arrangements (OMAs) could be extended and the efforts to bring these measures under GATT control could be hampered. Despite these countries are small in number, they have taken considerable share in world textiles and clothing trade both as exporter and importer. Non-WTO member countries whose exports of textile products have been affected by MFA and MFA-type of restrictions are listed in Table 20.

112. The impact of these countries staying outside of the system on the effective liberalization of this sector and the world trading system as a whole should not be underestimated. For example, China, as one of the significant textile exporting countries, a member of the MFA, and as a full participant in the Uruguay Round, had participated actively in the negotiations leading to the finalization of the Agreement on Textiles and Clothing. However, due to the failure of its latest attempt to resume its GATT contracting status before the entry into force of the WTO Agreement, its terms of conditions of becoming a member of the WTO are still not agreed between it and other members. Thus, it would not be able to enjoy the benefits deriving from the phasing-out of the MFA restrictions and the increases in growth rates. Such a situation may create a problem for China as well as for WTO members. Until China becomes a member, it appears that WTO members will have considerable discretion in establishing the terms and the size of trade volume originating from China into their territories. They are free to determine their own policies vis-à-vis non-member China. Thus, it is uncertain to what extent China's textile exports will influence the implementation of the transitional arrangement. However, on the other hand, China is also free to influence its trade relations with individual WTO members. They may need China's cooperation to prevent circumvention by transhipment, even though, unlike the MFA, such provision is lacking in the Agreement on Textiles and Clothing. As discussed earlier, in the course of the Uruguay Round negotiations, the Quad countries did not offer tariff reductions on a number of textile and clothing products for which China is a major supplier. This could also hamper the market-access ability of many developing countries that are supplying the same products to these markets. In addition, China's import restrictions do not have to be abolished. Furthermore, China is emerging as a new market for textiles and clothing trade and many WTO members may also wish to have a guaranteed and increased access to the Chinese market which they could not obtain while China remains outside of WTO.

M. Uruguay Round implementing legislations of the major developed importing countries

113. The effective and meaningful integration of this sector into the GATT will also depend considerably on how far the provisions of the Agreement are respected

by the major restraining countries in their national implementing legislation and therefore, the impact of that legislation should be carefully examined.

114. Apart from the elements discussed about integration programme and market access commitments undertaken by other exporting countries, the United States Uruguay Round Agreements Act also contains detailed provisions with respect to transitional safeguards, circumvention and rules of origin. For details of the relevant provisions of the United States Uruguay Round Agreements Act applicable to trade in textiles and clothing see Annex II:1.

115. In comparison to the detailed United States legislation, the European Union Uruguay Round Implementing Legislation simply codifies its previous practices (under Regulation 3030/93 on common rules for imports of textiles) to the provisions of the Agreement on Textiles and Clothing. For details of the relevant provisions of the EU Uruguay Round Implementing Legislation concerning textiles and clothing see Annex II:2.

VI. Conclusions

116. The inclusion of a transitional arrangement with a definite life-span in the WTO Agreements represented an essential step towards trade liberalization in this sector of greatest interest to developing countries. Such liberalization will be achieved through the phasing-out of the restrictions applied under the MFA in a four-stage integration programme over a 10-year transition period and trade in textiles and clothing will be gradually subjected to GATT rules and disciplines. In contrast to the MFA, by the end of the 10-year transition period, this ATC and all restrictions under it would be terminated, and there shall be no extension of the ATC. This, in the long run, will contribute to restoring the credibility of the multilateral trading system, as well as providing guaranteed and increased market access of developing countries for their trade in textiles and clothing.

117. In parallel to the integration process, the increases in growth rates for MFA quotas remaining in place during the transition period will also result in substantial improvements in access to markets by the developing exporting members in the sector of textiles and clothing. Given that the increases in growth rates are calculated as percentages of percentages, this could mean significant quota increases for these members, particularly medium-size and small exporters if they had enjoyed relatively higher growth rates under the MFA bilateral agreements in effect the day before the entry into force of the WTO Agreement.

118. The elimination of quantitative limits to the combined use of swing, carryover and carry forward, could be considered as an improvement for some developing exporting members in their access to market opportunities.

119. While MFA restrictions maintained by the members shall be phased out over the 10-year transition period, other GATT-inconsistent non-MFA restrictions shall also be either brought into conformity with GATT 1994 within one year following the entry into force of the WTO Agreement, or phased out progressively under a programme within the duration of this Agreement. This would no doubt bring increased transparency, security and predictability to developing countries' access to the world market of textiles and clothing. However, owing to the vagueness of some provisions of the ATC, to implement the integration programme with a different time-frame could lead to the application of the ATC in an inequable manner.

120. The special treatment provisions of the ATC for small supplier, especially the quantified definition (or specific threshold) with regard to the MFA restrictions could provide "meaningful improvement" in access for their exports during the transition period through advancement by one stage of growth rates provided for products remaining under restrictions.

121. In addition, the Uruguay Round also opened the way for increased developing countries' imports of textiles and clothing products from other countries, including the increases of the intra-developing country trade in these products. Developing countries are traditionally considered as exporters of textiles and clothing; however, in the past several years they have become increasingly significant importers with a number of them emerging as important new markets for textile trade. The prospects for rapid expansion of the intra-developing country trade in textiles and clothing, particularly the emerging new markets in Asia and Latin America are strong and bright as most of these countries have simultaneously been taking steps for autonomous liberalization of their import and exchange control regimes, and as rising standards of living would further increase the demand for fashionable clothing. Such expansion of trade in textiles and clothing have also created new opportunities for the international trading community, particularly for those developing countries that, until now, are almost entirely dependent on the markets of the developed countries.

122. Within the context of the Uruguay Round Agreements developing countries have made significant contributions by undertaking tariff reductions, tariff bindings and the elimination of non-tariff measures, although at this stage the tariff cuts were not very big and the scope of binding was limited. Nevertheless, these commitments, together with the obligations of the phasing-out of GATT-

inconsistent non-MFA restrictions, and the strengthened GATT rules and disciplines, particularly in areas such as safeguards, balance-of-payment provisions, notification procedures, etc., would no doubt bring increased security and predicability to developing countries' access to the world market of textiles and clothing, including their access to each others market.

123. However, the MFA "integration" programme may not bring about any immediate trade liberalization. This is mainly due to the fact that because the Annex to the Agreement contains many HS lines which have never been specifically restricted in any country, the major restraining countries can fulfil their obligations under the Agreement in the first two stages without affecting the MFA quotas. Thus, a modest dimension of trade opportunities may only become perceptible from the beginning of the third stage, i.e. from year 2002. The findings of an initial analysis of the integration lists of Canada, the EU, Norway, and the United States support the foregoing conclusion. Furthermore, according to the integration programme, only 51 per cent (in terms of volume, but in value terms in the case of the United States only about 30 per cent) of the products covered in the Annex will be integrated into GATT 1994 over the 10-year transition period in the first three stages, leaving the balance of 49 per cent (in terms of volume, but in value terms in the case of the United States more than 70 per cent) to be integrated on the very last day of the Agreement. This "end-loading" feature of the Agreement calls into question the credibility of the integration programme, as it would make the process of structural adjustment more painful in the final stage. In this regard, other major importing countries should act, like the United States, to notify their list of products to be integrated at the later stages as soon as possible so as to facilitate the process of structural adjustment to start at an earlier date.

124. It is also important that WTO members avoid frequent recourse to the transitional safeguard provisions, and ensure that such provisions will be applied as sparingly as possible. In this context, it is equally important to ensure the effectiveness of the TMB in its role of resolving disputes in the area of textiles and clothing.

125. The linkage between the implementation process of the Agreements and other Uruguay Round commitments, including tariff concessions, particularly as unilaterally interpreted or defined, could give rise to disputes and pose a threat to the effective implementation of the Agreement by delaying the integration process.

126. In addition, the phasing-out of MFA and GATT-inconsistent non-MFA restrictions could also lead to an increase in the application of the so-called GATT-consistent trade-remedy measures, such as anti-dumping and countervailing actions against the imports of textile products. Thus, the WTO members should resist the pressure from their domestic protectionist forces to seek alternative means to restrict trade in textiles once they return to GATT 1994.

Annex I

Key notification requirements

In order to ensure an effective integration of this sector into GATT 1994, a high degree of transparency is required by the ATC. The ATC has more than 30 notification requirements, most of which are to the TMB. Some of these notification requirements are standardized and are aimed at seeking information from all WTO members, while others are specific or ad hoc referring to the use of certain particular provisions. The following is a summary of some key notification requirements:

1. For MFA restrictions

Article 2:1 of the ATC provides that all restrictions within bilateral agreements maintained between GATT 1947 contracting parties under the MFA and in place on the day before the entry into force of the WTO Agreement (i.e. 31 December 1994) shall be notified in detail, including the restraint levels, growth rates and flexibility provisions, by the members maintaining such restrictions to the TMB within 60 days following the entry into force of the WTO Agreement or otherwise shall be terminated.

Article 2:4 of the ATC further provides that notified restrictions shall be deemed to constitute the totality of such restrictions applied by the respective members on the day before the entry into force of the WTO Agreement. No new restrictions in terms of products or members shall be introduced except under the provisions of the ATC or relevant GATT 1994 provisions. However, the relevant GATT 1994 provisions shall not include Article XIX in respect of products not yet integrated into GATT 1994 excepting these products as specifically provided in paragraph 3 of the Annex to the Agreement.

2. For respective stages of integration

Article 2:7(a) of the ATC requires that the members maintaining MFA restrictions and undertaking to integrate, at the first stage, 16 per cent of the total volume of their 1990 imports into GATT 1994, shall notify full details of the actions that to be taken by them for such integration not later than 1 October 1994 as agreed by Ministers on 15 April 1994. In this connection, the EU, US, Canada and Norway, as former MFA members maintaining MFA restrictions, notified the products to be included in their first stage of integration last October.

For the remaining stages, details of the actions under the integration programme, as required by Article 2:11, shall be notified to the TMB at least 12 months before their coming into effect (i.e. all WTO members that have retained the right to use the transitional safeguards must notify their integration for the second stage on 1 January 1997 and for the third stage on 1 January 2001).

3. For former MFA signatory members, who are not maintaining any MFA restrictions, but wish to retain their right to use the transitional safeguards

WTO members who were signatories to the MFA and had not maintained any MFA restrictions, but wish to retain their rights to use the transitional safeguards are required by Article 6:1 to notify the details of their actions under the integration programme to the TMB not later than 60 days following the date of entry into force of the WTO Agreement. In this connection, for example, Argentina, Bangladesh, Brazil, Colombia, Costa Rica, Cuba, Czech Republic, Egypt, El Salvador, Guatemala, Honduras, Hungary, India, Indonesia, Jamaica, Japan, Maldives, Mexico, Pakistan, Philippines, Peru, the Republic of Korea, Singapore, Sri Lanka, Switzerland, Thailand, Turkey and Uruguay have notified to retain the right to use the transitional safeguards. Hong Kong and Macau have notified that they will not use the transitional safeguards.

4. For non-MFA signatory members, who wish to retain their right to use the transitional safeguards

Non-MFA signatory members are required to notify the TMB within 6 months after the entry into force of the WTO Agreement, of whether or not they wish to retain the right to use the transitional safeguards (Article 6:1). If they choose not to do so, their trade in textiles will be deemed to have been integrated into GATT 1994 at a stroke. If, however, they decide to retain the right to use the transitional safeguards, they must notify the full details of their actions under the integration programme to the TMB not later than at the end of the 12th month that the WTO Agreement is in effect as to which products will be integrated into GATT 1994 during the first stage (Article 2:7 (b)). For example, the following non-MFA signatory members decided to retain the right to use transitional safeguards: Malaysia, Mauritius, Nicaragua, Paraguay, Poland, Romania, and Venezuela.

5. For non-MFA restrictions

Under the provisions of Article 3:1, members are committed to notify in detail all their restrictions on textiles and clothing products (other than those under the MFA), whether consistent with GATT 1994 or not, to the TMB within 60 days following the date of entry into force of the WTO Agreement. Such notifications should also include the information with respect to whether or not they are justified under GATT provisions. Any member can also make reverse notifications in this regard concerning any restrictions that may not have been notified (Article 3:4).

Annex II

Uruguay Round implementing legislation of the major developed importing countries

1 The United States Uruguay Round Agreements Act

Section 331 of the United States Uruguay Round Agreements Act provides that no later than 120 days after the WTO Agreement enters into force for the United States, the Secretary of Commerce will publish a Federal Register notice listing the products to be integrated into the GATT 1994 at the beginning of the fourth, eighth, and eleventh year after the Agreement takes effect. Section 331 further provides that, once the list is published, no changes can be made to it unless required by law, or in order to carry out US international obligations, correct technical errors or reflect reclassification. Finally, Section 331 provides that USTR will notify the list to the TMB no later than 30 days after its publication.

Sections 333 and 334 of the Act, also deal with issues such as circumvention and rules of origin.

Concerning market access commitments, as referred to in Article 7 of the Agreement, the Act under the Administrative Action requires the Committee for the Implementation of Textile Agreements (CITA), an inter-agency set up under authority delegated by Executive Order 11651, to make an initial review of both the tariff bindings made by exporting countries for textiles and clothing products under the WTO and the notices regarding non-tariff barriers filed pursuant to Article 3 of the Agreement no later than 120 days after the WTO Agreement goes into effect and periodically thereafter. CITA will review these items in light of the request made by the United States in its Uruguay Round tariff offer (as referred to above in an additional note to Section XI of its Tariff Schedule, which provided that the concessions in its schedule) that key countries should:

- reduce and bind their tariffs at rates no higher than 35 per cent for apparel, 30 per cent for fabric and made-ups, 15 per cent for yarns, and 7.5 per cent for fibres; and

- eliminate their non-tariff barriers on textile and clothing products by three years after the entry into force of the WTO Agreement and commit not to establish new non-tariff barriers.

The United States Administration will take the following measures as appropriate to obtain market access commitments from "any signatory to the WTO Agreement that is a significant exporter of textiles and apparel to the United States" and failed to provide adequate access to its market for US textiles and apparel products:

- permanently to deny entry to any shipments of non-integrated products, if such shipments are in excess of the quantitative limits for such products from any country,

- making recourse to the appropriate dispute settlement mechanisms under the WTO Agreement including action under Article 7 and 8 of the Agreement on Textiles and Clothing seeking the denial of increased quota growth rates from countries that have failed to provide effective market access;

- review of the GSP status of any beneficiary country that has failed to provide effective market access for US textile and apparel exports;

- consideration of initiating an investigation under Section 302 of the Trade Act of 1974 of acts, policies, or practices that deny effective market access to US exports of textiles and apparel; and

- delay the integration until the end of the 10-year transition period products that are a high priority for textile or apparel exports by countries that have failed to provide effective access to their markets for US textile and apparel exports.

2 The European Union Uruguay Round Implementing Legislation

The EU legislation simply codifies its previous practices (under Regulation 3030/93 on common rules for imports of textiles) to the provisions of the Agreement. Changes required to be made in the following three areas:

(i) the safeguard provisions of the Regulation (Article 10) have to be brought into line with the transitional safeguards provision (Article 6) of the Agreement on Textiles and Clothing;

(ii) the Community quantitative limits contained in Annex V of the Regulation affecting importing from members of the WTO will have to be adjusted at the beginning of each of the three phases of the Agreement on Textiles and Clothing to reflect the higher annual quota growth rates foreseen; similarly at the same time as the European Union, integrated products, subject to quantitative limits, should be deleted from Annex V of the Regulation;

(iii) as and when certain of the third countries listed in Annex VIII (flexibility provisions) become members of the WTO, the respective "cap" on cumulative use of flexibility provisions indicated in column 8 of the table will have to be deleted since Article 2:16 of the Agreement on Textiles and Clothing stipulates that there shall be no limit to the "combined use of swing, carryover and carry forward".

Since it is not clear at this stage whether and when all the third countries listed in the Annexes will become members of the WTO and thereby of the Agreement on Textiles and Clothing, the Commission will adopt the necessary technical amendments to the Annexes to Regulation 3030/93 referred to in points (ii) and (iii) above via the Textiles Committee procedure laid down in Article 17 of the Regulation.

To this end and for reasons of clarity it is proposed to delete the reference to the quota years 1993-1995 in Article 2 paragraph 1 of the Regulation since for WTO members the quota increases will be automatic for the next 10 years.

Endnotes

1. See Brenda A. Jacobs, Renewal and Expansion of the Multi-Fibre Arrangement; Craig R. Giesse and Martin J. Lewin, The Multi-Fibre Arrangement: "Temporary" Protection Run Amuck; and John Greenwald and Scott Hoing, The United States and the MFA IV: Opportunities Lost, Law and Policy in International Business, Volume 19, Number 1, 1987, pp. 7-201. Xiaobing Tang, Textiles and the Uruguay Round of Multilateral Trade Negotiations, Journal of World Trade, Vol. 23, No. 3, June 1989, pp. 52-56.

2. Excluding intra-EEC trade. In 1992, the value of world trade in textiles and clothing amounted to $285 billion, or about 8 per cent of total world trade in goods.

3. Under the MFA, the determination of "market disruption" was both product- and country-specific. See ANNEX A of the MFA.

4. The so-called equity clause of the MFA permitted the imposition of quotas on non-MFA signatories who were deemed to be "taking advantage" of restraining countries; however, such action could be challenged by non-MFA signatories, who were GATT contracting parties, as breaches of GATT Articles XI and XIX.

5. Under the MFA, developed countries chose not to impose restrictions on imports from other developed countries with the exception of Japan.

6. Such as the Committee on Market Access, Committee on Anti-Dumping Practices, Committee on Subsidies and Countervailing Measures, Council for TRIPs, etc.

7. As decided by the WTO members on 31 January 1995, the composition of the 10 TMB members for the period of 1 January 1995 to 31 December 1997 will be designated from the following constituencies: ASEAN; Canada; China (once it becomes a WTO member)/Pakistan; the EU; Hong Kong/Korea; India and Egypt/Morocco/Tunisia (India to alternate with one of the three); Japan; Latin American/Caribbean Member Countries; Turkey/other European Counties (other than the EU members); and the United States. See WTO document WT/GC/W/4 of 31 January 1995.

8. See Y. Yang, "The impact of MFA phasing out on world clothing and textile markets", National Centre for Development Studies, Australian National University, Canberra, Australia (1993).

9. See United States International Trade Commission Publication 2790, Potential Impact on the U.S. Economy and Industries of the GATT Uruguay Round Agreements, June 1994, p. IV-3.

10. See Sanjoy Bagchi, The Integration of the Textile Trade into GATT, Journal of World Trade, December 1994, Vol.28 No.6, p. 36.

11. The implications of the new framework of restrictions of the EU for developing exporting countries is still unknown as the consultations with regard to the base levels of restrictions of the enlarged EU-15 are underway. The new base levels of restrictions of the EU would also have to reflect the levels of restrictions in both Austria and Finland. Sweden was not maintaining any MFA restrictions by 31 December 1994.

12. See GATT publication, The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts, 1994, p. 450.

13. The integration list of Canada was given at the HS 10-digit level. Due to data for 1990 not being available, using data for 1991 at the HS 8-digit level available in the secretariat might result in an overestimate.

14. Ex-item refers to excerpts (i.e. parts) of an HS 6-digit code (or line). For example, of the products covered by HS line 6406.10 only the subitem "footwear uppers and parts of which 50 per cent or more of the external surface area is textile material" is covered by the ATC as defined in its Annex.

15. This is also confirmed by D. Spinanger, Hong Kong Polytechnic University. See WTO document WT/TPR/S/3 of 30 June 1995, Trade Policy Review, European Union, Report by the WTO Secretariat, Table AV.4, p. 202.

16. The list of the United States was given at the HS 10-digit level which enabled a considerable fine-tuning of product selection for the first stage integration.

17. See ITCB document The Textile Integration Programme of the First Stage (IC/W/88), 14 October 1994.

18. See UNCTAD, The Outcome of the Uruguay Round: An Initial Assessment, Supporting Papers to the Trade and Development Report, 1994, pp. 127-129.

19. See Financial Times, 17-18 September 1994.

20. Indeed, the United States Congress, in its Uruguay Round Agreements Act, has also required the Administration which products should be integrated, to ensure that integration of the most sensitive products be deferred until the end of the 10-year period. See the United States Uruguay Round Agreements Act, Texts of Agreements, Implementing Bill, Statement of Administrative Action, and Required Supporting Statements, 103d Congress, 2d Session, House Document 103-316, Vol.1, U.S. Government Printing Office, Washington: 1994, p. 771.

21. Ibid., p. 370.

22. Prior to the publication of this final list, a proposed list was published at the end of January 1995 in the Federal Register for comments from all interested parties, including individuals, trade associations, certified firms or recognized unions, groups of workers and representatives of foreign governments from exporting countries.

23. See GATT, Trade Policy Reviews - Japan 1990, pp. 241-242, and 1992, pp.190-191; and GATT document Textiles and clothing in the world economy C/W/440 Spec(84), p. 108.

24. See GATT, Trade Policy Review - Switzerland 1991, p. 165.

25. See GATT, Trade Policy Review - European Communities 1993, pp. 73-75.

26. Ibid.

27. See GATT, Trade Policy Review - United States 1994, p. 70.

28. See GATT, Trade Policy Review - Australia 1994, p. 68; Trade Policy Review - India 1993, p.192; GATT document Textiles and clothing in the world economy pp. 116, 127-129; and Terence P. Stewart (ed), The GATT Uruguay Round, A Negotiating History (1982-1992), Vol. I (Deventer (Netherlands), Boston: Kluwer Law and Taxation Publishers, 1992), pp. 275-276.

29. See GATT, Increase in Market Access resulting from the Uruguay Round, 12 April 1994, Table 5.

30. For example, see United States International Trade Commission Publication 2790, Potential Impact on the U.S. Economy and Industries of the GATT Uruguay Round Agreements, June 1994, p. IV-3.

31. See United States International Trade Commission Publication 2222, The Economic Effects of Significant U.S. Import Restraints, Phase I: Manufacturing, October 1989, p. 4-6.

32. See Financial Times, 29 December 1994.

33. See International Herald Tribune, 3 January 1995; Asian Wall Street Journal, 3 January 1995; and Financial Times, 5 January 1995.

34. See the statement made by the Pakistan delegation at the meeting of the WTO Trade Policy Review Body on 16 February 1995.

35. See Financial Times, 1 March 1995.

36. For example, the EU has 114 categories in which textile and clothing products are classified based on the degree of processing; the United States has nearly 200 categories (including part-categories) under 5 category series which are classified based on fibres.

37. It was this element that had permitted the developed importing countries to derogate from the GATT rules and to discriminate against the developing exporting countries under the MFA.

38. See paragraph II (i), ANNEX A of the Arrangement Regarding International Trade in Textiles, GATT, Geneva, 1974, p. 20.

39. The determination of a situation of "market disruption", under the MFA (Annex A), was based on an examination of the appropriate factors having a bearing on the evolution of the state of the industry in questions such as: turnover, market share, profits, export performance, employment, volume of disruptive and other imports, production, utilization of capacity, productivity and investments. Under the ATC (Article 6:3), in making a determination of serious damage, the member shall examine the effect of the imports on the state of the particular industry, as reflected in changes in such relevant economic variables as output, productivity, utilization of capacity , inventories, market share, exports, wages, employment, domestic prices, profits and investment.

40. See International Trade Report, 12 April 95, Vol. 12, p. 647.

41. See International Trade Report, Vol. 12, No. 33, 16 August 1995, p. 1382.

42. See Schedules XX - United States, Uruguay Round of Multilateral Trade Negotiations, Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations Done at Marrakesh on 15 April 1994, published by the GATT secretariat, p. 6768.

43. See Schedules XII - India, Uruguay Round of Multilateral Trade Negotiations, Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations Done at Marrakesh on 15 April 1994, published by the GATT secretariat, p. 3735.

44. Council Regulation (EC) No 3281/94 of 19 December 1994.

45. In this regard, it is important to note that Japan recently imposed anti-dumping duties on cotton yarn from Pakistan.

46. See WTO Document WT/TPR/S/3 of 30 June 1995, pp. 99-103.

Table 1

Direction of world trade by main product categories, 1992
Exports (fob)

Destination	World	DMEC	Countries in Eastern Europe	Developing countries				
				Total	America	Africa	West Asia	Other Asia
Origin	US$ billion	Share by export destination (percentage)						
World								
Total	3686.0	70.1	2.8	25.9	4.8	2.2	3.6	15.1
Primary	893.2	71.9	3.7	22.8	4.2	2.4	3.3	12.7
Food	357.7	71.2	5.5	22.0	4.6	3.7	4.0	9.5
Manufactures	2707.5	69.8	2.5	27.0	5.0	2.2	3.7	15.9
Textiles, clothing	285.3	66.1	3.3	29.8	3.6	2.4	4.2	19.4
Developed market-economy countries								
Total	2668.7	74.7	2.4	21.8	4.9	2.3	3.3	11.1
Primary	495.2	78.5	3.0	17.1	3.7	2.5	2.3	8.4
Food	247.9	76.5	4.7	17.7	4.4	3.5	3.1	6.5
Manufactures	2103.3	74.4	2.2	22.7	5.1	2.3	3.6	11.6
Textiles, clothing	135.1	76.5	3.4	19.0	4.0	3.0	2.8	9.2
Countries in Eastern Europe								
Total	94.3	56.0	20.8	17.9	1.3	1.5	5.7	9.4
Primary	45.7	66.1	17.8	12.3	0.9	0.9	6.8	3.7
Food	8.3	56.8	26.7	10.9	1.4	2.1	3.4	4.0
Manufactures	43.1	48.1	24.7	24.7	1.8	2.2	5.2	15.5
Textiles, clothing	7.0	57.0	28.2	28.2	2.1	0.6	21.7	3.8
Developing countries								
Total	923.0	58.1	2.0	38.8	5.1	2.2	4.2	27.3
Primary	352.3	63.4	2.7	32.2	5.3	2.5	4.3	19.9
Food	101.6	59.4	5.7	33.4	5.3	4.1	6.4	17.4
Manufactures	561.1	54.6	1.6	43.2	5.0	2.0	4.1	32.0
Textiles, clothing	143.2	56.8	2.7	40.0	3.4	1.9	4.7	29.8

Destination	World	DMEC	Countries in Eastern Europe	Developing countries				
				Total	America	Africa	West Asia	Other Asia
America								
Total	135.4	66.5	2.8	29.7	21.4	1.4	1.8	5.1
Primary	85.8	71.2	4.1	23.7	15.9	1.5	1.7	4.5
Food	36.9	67.7	7.9	23.6	13.3	2.7	3.4	4.1
Manufactures	48.5	58.4	0.4	40.8	31.4	1.2	2.0	6.1
Textiles, clothing	5.4	60.8	1.0	37.4	29.8	0.8	0.9	5.9
Africa								
Total	70.1	82.4	1.5	14.2	1.7	7.5	2.0	3.0
Primary	58.7	84.8	1.4	11.6	1.9	6.0	1.4	2.3
Food	9.5	74.4	3.1	19.9	0.3	12.5	4.4	2.6
Manufactures	11.1	69.0	2.0	27.7	0.9	14.9	5.0	6.9
Textiles, clothing	5.4	82.8	2.2	13.1	0.1	5.7	1.3	6.1
West Asia								
Total	116.1	57.4	2.6	38.5	2.4	2.2	14.2	19.6
Primary	93.5	59.6	2.3	36.6	2.9	2.0	10.4	21.2
Food	6.1	41.4	9.6	48.1	0.8	6.7	36.0	4.5
Manufactures	22.3	48.2	3.9	46.5	0.3	2.9	30.4	12.8
Textiles, clothing	8.6	76.8	5.2	16.9	0.1	1.6	14.5	0.8
Other Asia								
Total	584.1	53.1	1.7	44.9	2.3	1.7	3.1	37.5
Primary	109.4	49.2	2.6	47.1	1.0	1.9	2.9	40.9
Food	46.8	52.4	4.0	43.3	0.9	3.4	5.6	33.3
Manufactures	467.8	53.9	1.5	44.5	2.6	1.7	3.1	36.9
Textiles, clothing	121.5	53.4	2.7	43.7	2.6	1.8	4.4	34.6
Least-developed countries								
Total	13.5	67.2	4.9	25.4	0.7	7.7	4.0	11.8
Primary	9.3	61.6	6.5	28.7	0.5	9.1	3.7	15.2
Manufactures	4.0	79.0	1.1	18.5	1.0	4.7	4.6	8.2

Sources: UNCTAD database.

Table 2

Structure of manufacturing value-added by selected regions or subregions, 1992

(percentage)

Sector or subsector	World	Former USSR and Eastern Europe	Latin America	Sub-Saharan Africa	North Africa	Western Asia	Indian sub-Continent	South-East Asia	China
Food	9.74	19.91	14.46	21.85	19.19	9.92	10.58	6.89	4.63
Beverages	2.21	2.17	5.24	14.24	4.64	2.39	1.17	2.32	3.03
Tobacco	1.59	0.81	2.66	4.01	4.63	2.50	4.07	2.89	5.63
Textiles	4.10	7.27	5.05	9.34	9.68	12.01	14.17	6.17	9.33
Wearing apparel	2.12	4.09	2.34	2.95	4.38	1.46	2.47	4.23	2.52
Leather	0.36	0.77	0.60	0.68	0.68	0.44	0.60	0.64	1.12
Footwear	0.47	1.23	1.16	1.35	1.43	0.69	0.54	1.20	0.00
Wood	1.65	1.44	1.01	2.77	1.49	0.61	0.46	1.41	0.50
Furniture	1.32	3.15	0.06	1.38	0.97	0.51	0.08	0.67	0.47
Paper	3.07	1.36	3.06	2.18	2.42	1.95	2.15	2.02	1.64
Printing	5.40	0.61	2.65	2.26	1.00	1.30	1.30	9.72	1.15
Ind. chemicals	5.41	4.78	5.11	1.66	4.49	5.31	7.16	4.36	8.55
Other chemicals	5.40	2.22	8.98	6.07	4.62	3.54	6.66	3.17	3.41
Petroleum	3.00	2.61	9.05	3.66	4.20	7.01	4.04	5.43	2.98
Misc. petrol	0.36	1.03	0.77	0.08	0.39	0.98	0.59	0.23	0.16
Rubber	1.27	1.20	1.49	1.14	0.93	1.16	1.96	1.59	1.74
Plastic	0.29	0.59	1.99	1.37	1.37	1.57	1.02	2.76	2.05
Pottery	0.35	0.36	0.67	0.13	0.43	0.69	0.30	0.36	0.65

Table 2
(Concl'd)

Structure of manufacturing value-added by selected regions or sub-regions, 1992
(percentage)

Sector or subsector	World	Former USSR and Eastern Europe	Latin America	Sub-Saharan Africa	North Africa	Western Asia	Indian sub-Continent	South-East Asia	China
Glass	0.87	0.77	0.61	0.32	0.59	1.42	0.46	0.81	0.92
Non-metallic	2.81	3.23	2.53	3.82	9.20	7.85	4.96	3.37	5.90
Iron	3.81	4.24	5.14	2.12	5.19	7.57	9.06	4.51	8.17
Non-ferrous	1.51	2.89	2.32	1.76	2.51	2.54	2.00	0.76	2.18
Metal	5.79	2.09	3.69	4.66	5.79	4.04	2.07	5.83	3.16
Non-electric	10.58	12.95	4.09	1.02	1.43	7.28	6.07	6.96	11.83
Electrical	9.96	6.31	5.00	2.06	2.67	3.50	6.98	12.76	8.50
Transport	10.01	6.67	6.48	5.44	3.85	10.75	7.86	6.90	6.21
Professional	2.38	1.19	1.09	0.13	0.47	0.92	0.55	1.03	1.01
Other	1.39	3.43	1.66	1.17	1.15	0.44	0.44	1.78	2.31
Total (millions $)	5,179,084.0	252,231.0	235,131.0	14,940.0	18,516.0	104,856.0	34,789.0	309,005.0	117,049.0

Source: UNIDO.

Table 3

Employment structure of selected regions or subregions, 1992

(percentage)

Sector or subsector	World	Fomer USSR and Eastern Europe	Latin America	Sub-Saharan Africa	North Africa	Western Asia	Indian sub-Continent	South-East Asia	China
Food	10.64	9.74	19.29	24.13	18.97	13.29	14.72	10.03	8.28
Beverages	1.54	1.29	3.09	6.27	2.58	1.93	0.79	0.94	2.09
Tobacco	0.90	0.22	0.82	2.03	2.09	2.23	5.20	2.42	0.81
Textiles	9.21	5.75	7.35	16.72	16.62	16.01	23.63	12.25	14.39
Wearing apparel	4.62	6.70	5.93	7.46	6.46	5.40	4.27	9.65	0.87
Leather	0.62	0.69	1.20	0.94	0.77	0.54	0.71	0.68	0.62
Footwear	1.15	1.61	3.60	1.57	2.43	1.39	0.73	2.27	0.01
Wood	2.29	2.30	3.17	4.21	1.97	1.60	0.93	5.26	0.79
Furniture	1.70	2.25	2.56	2.41	1.35	19.80	0.19	1.79	0.16
Paper	2.21	1.01	2.43	2.82	2.01	2.23	1.90	1.66	2.24
Printing	3.20	0.96	3.20	3.83	1.46	2.03	1.90	2.57	1.62
Ind. chemicals	4.14	3.66	2.63	1.40	3.04	3.60	2.70	1.61	8.94
Other chemicals	2.89	1.30	4.43	3.75	4.07	2.95	4.47	2.50	3.32
Petroleum	0.76	0.70	0.74	0.62	1.42	2.00	0.29	0.26	1.47
Misc. petrol	0.37	0.48	0.31	0.04	0.04	0.51	0.42	0.12	0.66
Rubber	1.38	1.01	1.27	1.29	0.75	1.17	1.49	3.11	1.28
Plastic	2.12	0.60	2.90	1.45	1.62	1.94	0.98	4.15	0.65
Pottery	0.66	0.76	0.79	0.15	0.22	0.66	0.46	0.76	0.60

Table 3
(Concl'd)

Employment structure by selected regions or sub-regions, 1992
(percentage)

Sector or subsector	World	Former USSR and Eastern Europe	Latin America	Sub-Saharan Africa	North Africa	Western Asia	Indian sub-Continent	South-East Asia	China
Glass	0.88	0.84	0.79	0.42	0.94	1.21	0.63	0.75	1.06
Non-metallic	4.29	5.02	4.65	3.31	6.68	9.13	5.11	2.76	6.34
Iron	4.21	3.56	2.96	2.22	5.50	5.35	5.70	1.97	7.53
Non-ferrous	1.43	1.39	1.20	0.42	1.20	1.41	1.71	0.59	2.07
Metal	4.92	3.23	5.07	5.10	6.62	6.17	2.76	6.74	1.53
Non-electric	13.64	20.15	6.47	1.03	2.45	5.35	5.12	4.64	19.31
Electrical	8.81	10.41	4.40	1.74	3.17	3.67	4.67	11.74	5.92
Transport	7.77	9.27	5.98	3.44	2.18	4.66	7.14	4.39	4.65
Professional	1.74	1.75	0.74	0.11	0.58	0.41	0.67	1.37	1.33
Other	1.91	3.09	2.04	1.07	0.80	0.80	0.76	2.67	1.28
Total (millions $)	175,680	38,971	11,697	1,987	2,351	2,245	9,647	12,536	35,325

Source: UNIDO.

Table 4

Value equivalent of the first stage integrated volume under the ATC Integration Programme by Canada
(Based on 8-digit data for 1991)
(Thousands of dollars)

Section/lines		Supplier								
		DMEC			Developing countries			World		
		Total	Integrated	%	Total	Integrated	%	Total	Integrated	%
Tops and yarns	All lines	519058	90500	17.44	153736	6299	4.10	672794	96799	14.39
	Ex-items	156449	11602	7.42	11475	29	0.25	167924	11631	6.93
	Sect. XI	362609	78898	21.76	142261	6270	4.41	504870	85168	16.87
Fabrics	All lines	848980	37396	4.40	519004	6	0.00	1357984	37402	2.73
	Ex-items	33745	*	*	138408	*	*	172153	*	*
	Sect. XI	815235	37396	4.59	380596	6	0.00	1195831	37402	3.13
Made-ups Textiles	All lines	720917	356049	49.39	277739	81834	29.46	998656	437883	43.85
	Ex-items	47645	*	*	10893	*	*	58538	*	*
	Sect. XI	574586	356049	61.97	222682	81834	36.75	797268	437883	54.92
	Other	98686	*	*	44164	*	*	142850	*	*
Clothing	All lines	454723	16231	3.57	1540782	64710	4.20	1995505	80941	4.06
	Ex-items	9809	*	*	10684	*	*	20493	*	*
	Sect. XI	435656	7128	1.64	1499521	37039	2.47	1935177	44167	2.28
	Other	9258	9103	98.33	30577	27671	90.50	39835	36774	92.32
Total	All lines	2543678	500176	19.66	2491261	152849	6.14	5034939	653025	12.97
	Ex-items	247648	11602	4.68	171460	29	0.02	419108	11631	2.78
	Sect. XI	2188086	479471	21.91	2245060	125149	5.57	4433146	604620	13.64
	Other	107944	9103	8.43	74741	27671	37.02	182685	36774	20.13

Source: UNCTAD secretariat estimation based on information provided by Canada to the Preparatory Committee of the WTO in October 1994.

Table 5A

Value equivalent of the first stage integrated volume under ATC Integration Programme by the European Union
(Based on data for 1990)
(Thousands of dollars)

Section/lines		Supplier								
		DMEC			Developing countries			World		
		Total	Integrated	%	Total	Integrated	%	Total	Integrated	%
Tops and yarns	All lines	2918699	564176	19.33	2053896	116763	5.68	4972595	680939	13.69
	Ex-items	563731	563731	100.00	33247	33247	100.00	596978	596978	100.00
	Full	2354968	445	0.02	2020649	83516	4.13	4375617	83961	1.92
Fabrics	All lines	3784536	230652	6.09	4587727	1254898	27.35	8372263	1485550	17.74
	Ex-items	200723	200723	100.00	1198624	1198624	100.00	1399347	1399347	100.00
	Full	3583813	29929	0.84	3389103	56274	1.66	6972916	86203	1.24
Made-ups Textiles	All lines	1718424	435167	25.32	2898583	280178	9.67	4617007	715345	15.49
	Ex-items	228647	176374	77.14	54919	24662	44.91	283566	201036	70.90
	Full	1489777	258793	17.37	2843664	255516	8.99	4333441	514309	11.87
Clothing	All lines	4166176	138976	3.34	20382053	676705	3.32	24548229	815681	3.32
	Ex-items	102626	88002	85.75	612807	507723	82.85	715433	595725	83.27
	Full	4063550	50974	1.25	19769246	168982	0.85	23832796	219956	0.92
Total	All lines	12587835	1368971	10.88	29922259	2328544	7.78	42510094	3697515	8.70
	Ex-items	1095727	1028830	93.89	1899597	1764256	92.08	29955324	2793086	93.25
	Full	11492108	340141	2.96	28022662	564288	2.01	39514770	904429	2.29

Source: UNCTAD secretariat estimation based on information provided by the EU to the Preparatory Committee of the WTO in October 1994.

Table 5B

The first stage integrated volume under ATC Integration Programme by the European Union
(Based on data for 1990)
(Tons)

Section/lines		Supplier								
		DMEC			Developing countries			World		
		Total	Integrated	%	Total	Integrated	%	Total	Integrated	%
Tops and yarns	All lines	730271	147419	20.19	657398	107435	16.34	1387669	254854	18.37
	Ex-items	147151	147151	100.00	13949	13949	100.00	161100	161100	100.00
	Full	583120	268	0.05	643449	93486	14.53	1226569	93754	7.64
Fabrics	All lines	257106	31470	12.24	702329	195798	27.88	959435	227268	23.69
	Ex-items	25850	25850	100.00	143093	143093	100.00	168943	168943	100.00
	Full	231256	5620	2.43	559236	52705	9.42	790492	58325	7.38
Made-ups Textiles	All lines	227172	48929	21.54	402067	104249	25.93	629239	153178	24.34
	Ex-items	12255	6692	54.61	5057	1522	30.10	17312	8214	47.45
	Full	214917	42237	19.65	397010	102727	25.88	611927	144964	23.69
Clothing	All lines	128766	4602	3.57	964020	29673	3.08	1092786	34275	3.14
	Ex-items	3692	3119	84.48	34232	15337	44.80	37924	18456	48.67
	Full	125074	1483	1.19	929788	14336	1.54	1054862	15819	1.50
Total	All lines	1343315	232420	17.30	2725814	437155	16.04	4069129	669575	16.45
	Ex-items	188948	182812	96.75	196331	173901	88.58	385279	356713	92.59
	Full	1154367	49608	4.30	2529483	263254	10.41	3683850	312862	8.49

Source: UNCTAD secretariat estimation based on information provided by the EU to the Preparatory Committee of the WTO in October 1994.

Table 6

Value equivalent of the first stage integrated volume under ATC Integration Programme by the United States
(Based on data for 1990)
(Thousands of dollars)

Section/lines		Supplier								
		DMEC			Developing countries			World		
		Total	Integrated	%	Total	Integrated	%	Total	Integrated	%
Tops and yarns	All lines	797168	228099	28.61	370186	92654	25.03	1167354	320753	27.48
	Ex-items	157269	*	*	75433	*	*	232702	*	*
	Full	639899	228099	35.65	294753	92654	31.43	934652	320753	34.32
Fabrics	All lines	1828012	363322	19.88	2925733	195946	6.70	4753745	559268	11.76
	Ex-items	152262	79	0.05	1286899	374	0.03	1439161	453	0.03
	Full	1675750	363243	21.68	1638834	195572	11.93	3314584	558815	16.86
Made-ups Textiles	All Lines	1045596	302967	28.98	2249720	690572	30.70	3295316	993539	30.15
	Ex-items	115800	6446	5.57	98435	15645	15.89	214235	22091	10.31
	Full	929796	296521	31.89	2151285	674927	31.37	3081081	971448	31.53
Clothing	All lines	2265484	21109	0.93	21555560	371594	1.72	23821044	392703	1.65
	Ex-items	21681	955	4.40	417792	431	0.10	439473	1386	0.32
	Full	2243803	20154	0.90	21137768	371163	1.76	23381571	391317	1.67
Total	All lines	5936260	915497	15.42	27101199	1350766	4.98	33037459	2266263	6.86
	Ex-items	447012	7480	1.67	1878559	16450	0.88	2325571	23930	1.03
	Full	5489248	908017	16.54	25222640	1334316	5.29	30711888	2242333	7.30

Source: UNCTAD secretariat estimation based on information provided by the United States to the Preparatory Committee of the WTO in October 1994.

Table 7A

Value equivalent of the first stage integrated volume under ATC Integration Programme by Norway

(Based on data for 1990)

(Thousands of dollars)

Section/lines		Supplier								
		DMEC			Developing countries			World		
		Total	Integrated	%	Total	Integrated	%	Total	Integrated	%
Tops and yarns	All lines	87122	41540	47.68	31328	8143	25.99	118450	49683	41.94
	Ex-items	39868	39868	100.00	4123	4123	100.00	43991	43991	100.00
	Sect. XI	47254	1672	3.54	27205	4020	14.78	74459	5692	7.64
Fabrics	All lines	212709	33817	15.90	87295	26818	30.72	300004	60635	20.21
	Ex-items	23510	23510	100.00	23175	23175	100.00	46685	46685	100.00
	Sect. XI	189199	10307	5.45	64120	3643	5.68	253319	13950	5.51
Made-ups Textiles	All lines	214949	15054	7.00	92055	7613	8.27	307004	22667	7.38
	Ex-items	23621	7010	29.68	6384	2787	43.66	30005	9797	32.65
	Sect. XI	176310	5630	3.19	79867	1335	1.67	256177	6965	2.72
	Other	15018	2414	16.07	5804	3491	60.15	20822	5905	28.36
Clothing	All lines	853598	6582	0.77	358086	3981	1.11	1211684	10563	0.87
	Ex-items	2835	2207	77.85	1815	1238	68.21	4650	3445	74.09
	Section XI	845621	3252	0.38	352228	1793	0.51	1197849	5045	0.42
	Other	5142	1123	21.84	4043	950	23.50	9185	2073	22.57
Total	All lines	1368378	96993	7.09	568764	46555	8.19	1937142	143548	7.41
	Ex-items	89834	72595	80.81	35497	31323	88.24	125331	103918	82.91
	Sect. XI	1258384	20861	1.66	523420	10791	2.06	1781804	31652	1.78
	Other	20160	3537	17.54	9847	4441	45.10	30007	7978	26.59

Source: UNCTAD secretariat estimation based on information provided by Norway to the Preparatory Committee of the WTO in October 1994.

Table 7B

The First Stage Integrated Volume under ATC Integration Programme by Norway
(Based on data for 1990)
(Tons)

Section/lines		Supplier								
		DMEC			Developing countries			World		
		Total	Integrated	%	Total	Integrated	%	Total	Integrated	%
Tops and yarns	All lines	15266	7783	50.98	6113	2364	38.67	21379	10147	47.46
	Ex-items	7135	7135	100.00	669	669	100.00	7804	7804	100.00
	Sect. XI	8131	648	7.97	5444	1695	31.14	13575	2343	17.26
Fabrics	All lines	13974	4096	29.31	7509	2783	37.06	21483	6879	32.02
	Ex-items	1784	1784	100.00	2081	2081	100.00	3865	3865	100.00
	Sect. XI	12190	2312	18.97	5428	702	12.93	17618	3014	17.11
Made-ups Textiles	All lines	29249	984	3.36	11102	758	6.83	40351	1742	4.32
	Ex-items	1949	282	14.47	393	167	42.49	2342	449	19.17
	Sect. XI	26263	657	2.50	10143	198	1.95	36406	855	2.35
	Other	1037	45	4.34	566	393	69.43	1603	438	27.32
Clothing	All lines	20095	197	0.98	13813	138	1.00	33908	335	0.99
	Ex-items	135	111	82.22	132	60	45.45	267	171	64.04
	Sect. XI	19838	36	0.18	13490	29	0.21	33328	65	0.20
	Other	122	50	40.98	191	49	25.65	313	99	31.63
Total	All lines	78584	13060	16.62	38537	6043	15.68	117121	19103	16.31
	Ex-items	11003	9312	84.63	3275	2977	90.90	14278	12289	86.07
	Sect. XI	66422	3653	5.50	34505	2624	7.60	100927	6277	6.22
	Other	1159	95	8.20	757	442	58.39	1916	537	28.03

Source: UNCTAD secretariat estimation based on information provided by Norway to the Preparatory Committee of the WTO in October 1994.

Table 8

United States' Programme of Integration under ATC

Stages	Products of which MFA restrictions will be phased-out	Beneficiaries
I	None	None
II	Baby garments and parts (except cotton diapers); down-filled coats; and hosiery.	China (if it becomes a WTO member) Hong Kong Republic of Korea Pakistan Philippines Singapore Taiwan Province of China (if it becomes a WTO member)
III	Knit fabrics; gloves and mittens (except non-unit); dressing gowns; headwear, dish towel; handbags; luggage; bar mop; other staple fibre yarn; brassieres; polybag; WG coats; MB suit-type coats; dresses; skirts and gloves not knit; skirts, MB suits; trousers, breeches and shorts; nightwear; etc.	Bangladesh, Brazil, China (if it becomes a WTO member), Haiti, Hong Kong, India, Indonesia, Jamaica, Republic of Korea, Macau, Malaysia, Mauritius, Myanmar, Pakistan, Philippines, Romania, Singapore, Sri Lanka, Taiwan, Province of China (if it becomes a WTO member), Thailand, Turkey and United Arab Emirates.

Source: UNCTAD/ITCB estimation based on information provided by the United States to Preparatory Committee of the WTO in October 1994 and the U.S. Federal Register, Vol. 60, No. 83, 1 May 1995.

Table 9

Illustrative increases in growth rates provided for in the Agreement on Textiles and Clothing
(Percentages)

Increases envisaged in the Agreement										
Stage of integration	Year	Growth factor per cent[a] (1)	Original growth rate 1 per cent [a] (2)	Increase in quota[b] (3)	Original growth rate 3 per cent[a] (4)	Increase in quota[b] (5)	Original growth rate 5 per cent[a] (6)	Increase in quota[b] (7)	Original growth rate 6 per cent[a] (8)	Increase in quota[b] (9)
A. In accordance with paragraphs 13 and 14 of Article 2										
I	1	16	1.16	101.16	3.48	103.48	5.80	105.80	6.96	107.00
	2		1.16	102.33	3.48	107.08	5.80	111.94	6.96	114.45
	3		1.16	103.52	3.48	110.81	5.80	118.43	6.96	122.41
II	4	25	1.45	105.02	4.35	115.63	7.25	128.21	8.70	133.00
	5		1.45	106.54	4.35	120.66	7.25	137.50	8.70	144.57
	6		1.45	108.09	4.35	125.91	7.25	147.47	8.70	157.15
	7		1.45	109.66	4.35	131.38	7.25	158.16	8.70	170.82
III	8	27	1.84	111.67	5.52	138.64	9.21	172.70	11.05	189.70
	9		1.84	113.73	5.52	146.29	9.21	188.61	11.05	210.66
	10		1.84	115.82	5.52	154.36	9.21	205.98	11.05	233.94
B. In accordance with paragraph 18 of Article 2:										
I	1	25	1.25	101.25	3.75	103.75	6.25	106.25	7.50	107.50
	2		1.25	102.52	3.75	107.64	6.25	112.89	7.50	115.56
	3		1.25	103.80	3.75	111.68	6.25	119.95	7.50	124.23
II	4	27	1.59	105.45	4.69	116.91	7.94	129.47	9.53	136.07
	5		1.59	107.13	4.69	122.40	7.94	139.75	9.53	149.04
	6		1.59	108.83	4.69	128.14	7.94	150.85	9.53	163.24
	7		1.59	110.56	4.69	134.15	7.94	162.83	9.53	178.80
III	8	27	2.02	112.79	5.96	142.14	10.08	179.24	12.10	200.43
	9		2.02	115.07	5.96	150.62	10.08	197.31	12.10	224.68
	10		2.02	117.39	5.96	159.59	10.08	217.20	12.10	251.87

Source: Calculations by the UNCTAD secretariat based on data in GATT document COM.TEX/SB/1799/Add.1, and ITCB data base.

[a] The rate foreseen in the bilateral agreement under the MFA.

[b] Obtained by applying to the original bilateral growth rate the additional increase (growth factor) provided in the Agreement on Textiles and Clothing (see column 1)).

Table 10

Quota enlargement by the application of growth factors, 1994 and 2004

	Canada		European Union		USA	
Supplier	1994	2004	1994	2004	1994	2004
	(million sme)		(tons)		(million sme)	
Argentina			31,486	58,655		
Bangladesh	31	84			255	683
Brazil	22	56	114,098	171,710	303	706
Colombia	2	5			28	69
Costa Rica	1	2			40	100
China	213	418	255,093	433,410	1,358	2,171
Egypt					154	378
El Salvador						
Hong Kong	126	193	152,963	184,272	1,123	1,349
India	26	59	176,625	264,304	375	861
Indonesia	24	57	65,976	131,710	444	1,038
Jamaica	4	9			47	117
Repulic of Korea	166	314	127,010	192,776	934	1,192
Macau	5	13	24,005	30,776	88	228
Maldives						
Mexico					206	474
Pakistan	32	77	142,795	258,357	435	1,053
Peru			15,490	37,485		
Sri Lanka	15	35	9,221	28,009	211	490
Turkey	33	77			452	1,028
Uruguay	1	3			14	24
Malaysia	22	47	35,973	64,454	274	638
Philippines	22	55	24,711	52,479	515	1,022
Singapore	13	26	19,205	33,838	185	285
Thailand	26	53	74,609	140,736	530	1,195
Total	784	1,583	1,269,260	2,082,971	7,970	15,101
Increase	-	101.91%	-	64.11%	-	89.47%

Source: ITCB estimates.

Table 11

Small suppliers of textiles and clothing

Importer	Canada	European Union	Finland	United States[a]
Supplier	Colombia Macau Uruguay	Peru Sri Lanka	Sri Lanka	Argentina Costa Rica Jamaica Macau Peru Uruguay Former Yugoslavia

Source: ITCB estimates, based on specific limits in the bilateral agreements under the MFA.

Note: Small suppliers are suppliers whose restrictions represent 1.2 per cent or less of the total volume of the restrictions applied by an importing member as of 31 December 1991 (see Article 2:18 of the Agreement on Textiles and Clothing).

[a] Allows for group limits in the bilateral agreement.

Table 12

Reduction in trade-weighted tariff averages for imports by Quad countries on Textiles and Clothing in 1992

(Percentage)

Importing market	Imports from all sources				Imports from developing countries						
	Value ($millions)	MFN tariff averages			Value ($millions)	MFN tariff averages			MFN/GSP tariff averages		
		Pre-UR	Post-UR	Reduction		Pre-UR	Post-UR	Reduction	Pre-UR	Post-UR	Reduction
Canada	4967.5	20.1	12.6	37	1572.1	21.4	13.5	37	20.4	13.3	35
European Union	51172.1	11.6	9.7	16	29473.3	12.1	10.3	15	0.4	0.4	19
Japan	16208.1	12.0	8.1	33	5810.7	11.5	7.8	32	4.8	4.6	4
USA	42201.3	15.7	13.6	13	28752.1	17.1	15.2	11	16.8	15.0	11

Source: UNCTAD Trade Control Measures Information System.

Table 13

Reduction in trade-weighted tariff averages for imports by Quad countries by groups of textiles and clothing, 1992
(percentages)

Importing market	Import from all sources				Imports from developing countries						
	Value ($ millions)	MFN tariff averages			Value ($ millions)	MFN tariff averages			MFN/GSP tariff averages		
		Pre-UR	Post-UR	Reduction		Pre-UR	Post-UR	Reduction	Pre-UR	Post-UR	Reduction
Textiles											
Tops and yarns											
Canada	657.1	12.1	7.1	41	111.3	12.5	8.1	35	11.6	8.0	31
European Union	4740.7	7.6	4.1	45	1763.6	7.0	3.7	47	0.4	0.1	72
Japan	1452.1	5.7	3.9	31	990.3	5.8	4.0	32	2.5	1.8	26
United States	1625.4	7.6	6.0	21	519.9	7.3	6.5	11	6.4	5.6	12
Fabrics											
Canada	1355.8	19.5	12.4	37	285.7	18.8	11.9	36	17.7	11.9	33
European Union	8270.1	9.6	7.1	26	3393.8	9.8	7.3	26	-	-	-
Japan	2881.9	9.5	7.1	25	927.9	9.4	7.4	22	4.5	4.3	4
United States	5886.5	13.6	11.0	19	2721.7	13.4	11.4	15	13.0	11.2	14
Made-up articles											
Canada	962.1	19.1	11.6	39	174.1	16.9	10.8	36	13.5	9.4	30
European Union	5571.6	8.8	7.5	15	2775.1	8.8	7.8	11	-	-	-
Japan	1677.3	8.8	5.3	39	526.9	8.5	5.1	40	1.3	1.1	17
United States	4048.8	7.0	4.5	36	2186.5	6.2	4.4	29	4.0	2.8	29
Clothing											
Canada	1992.5	23.8	15.0	37	1001.1	23.9	15.1	37	15.0	8.4	36
European Union	32589.7	13.2	11.5	13	21540.9	13.3	11.6	13	0.6	0.5	14
Japan	10196.7	14.2	9.4	33	3365.6	14.2	9.5	33	6.1	6.1	0
United States	30640.6	17.7	15.7	11	23324.1	18.8	16.9	10	18.7	16.8	10

Table 14

Imports of textiles and clothing in 1992
(excluding Intra-EEC Trade)

	World	OECD		Developing countries	
	($ Million)	($ Million)	% of World total	($ million)	% of World total
World	221,381	71,072	32.1	145,028	65.5
OECD	124,554	39,297	31.6	81,487	65.4
Developing	87,000	27,014	31.1	59,341	68.2

Source: UNCTAD secretariat calculations based on United Nations Statistical Office data.

Source: UNCTAD Trade Control Measures Information System

Table 15

Export of textiles and clothing in 1992
(excluding Intra-EEC Trade)

	World	OECD		Developing countries	
	($ Million)	($ Million)	% of World total	($ million)	% of World total
World	221,381	124,554	56.3	87,000	39.3
OECD	71,072	39,297	55.3	27,014	38.0
Developing	145,028	81,487	56.2	59,341	40.9

Source: UNCTAD secretariat calculations based on United Nations Statistical Office data.

Table 16

Emerging markets in developing countries for textiles and clothing
(1989 as 100)

	Imports from world						Imports from DEMC						Imports from developing countries					
	1989 (in million $)		1990	1991	1992 (in million $)		1989 (in million $)		1990	1991	1992 (in million $)		1989 (in million $)		1990	1991	1992 (in million $)	
China	5939	100	115	144	10084	170	1020	100	94	136	2189	215	4810	100	120	147	7808	162
Hong Kong	15413	100	115	136	25077	163	3608	100	115	125	5605	155	11764	100	115	139	19433	165
Republic of Korea	3205	100	106	130	4575	143	2107	100	106	120	2800	133	566	100	110	280	1719	304
Indonesia	694	100	148	172	1495	215	281	100	129	142	476	169	408	100	162	193	1015	249
Malaysia	1536	100	125	154	2863	186	565	100	131	164	1141	202	967	100	121	149	720	178
Philippines	599	100	121	225	942	157	131	100	127	315	273	208	243	100	229	385	687	274
Singapore	4408	100	119	132	6315	143	2223	100	118	125	3134	141	2162	100	119	140	3166	146
Thailand	1429	100	128	143	2560	179	554	100	146	164	1197	216	845	100	116	131	1346	159
India	442	100	108	67	406	92	265	100	100	63	254	96	172	100	122	73	148	86
Argentina	138	100	167	508	1311	950	78	100	137	374	584	749	59	100	168	608	723	1225
Brazil	700	100	117	125	712	102	536	100	117	113	515	96	160	100	121	171	195	122
Mexico	1442	100	120	161	2981	207	1185	100	122	151	2237	189	239	100	113	161	741	310
Developing countries total	55033	100	113 (62088)	135 (74086)	87000	158	19139	100	115 (22058)	127 (24274)	27014	141	34256	100	114 (38958)	144 (49322)	59341	173

Sources: UNCTAD secretariat calculations based on United Nations Statistical Office data

Table 17

Imports, scope of bindings, tariff averages and coverage of final schedules
textiles and clothing (imports in millions $)

Import market	Total		Scope of bindings				Trade-weighted tariff averages		
	No. of lines	Import value	% of NBL		% of Imp				
			Pre	Off	Pre	Off	Pre	Off	% Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Argentina	1097	34	0	100	1	100	32.1	35.0	-
Brazil	1341	135	1	100	5	100	77.4	32.3	-
Chile	184	121	100	100	100	100	34.9	24.9	- 29
China	985	2,999	0	91	0	70	58.9	47.4	-
Colombia	923	133	0	100	4	100	46.9	36.1	-
Costa Rica	183	57	100	100	100	100	60.0	44.9	- 25
El Salvador	168	18	100	100	100	100	47.8	39.0	- 18
Hong Kong	1084	25,336	0	2	1	6	0.0	0.0	-
India	809	185	0	26	0	61	127.9	61.1	- 52
Indonesia	1861	615	0	100	0	100	27.8	39.9	-
Jamaica	421	140	0	100	0	100	26.4	50.0	-
Republic of Korea	1304	1,527	9	100	11	98	26.2	16.0	- 39
Macau	1303	732	0	2	0	11	0.0	0.0	-
Malaysia	1843	609	0	95	0	98	26.2	19.4	-
Mexico	1137	330	100	100	100	100	49.7	34.9	- 30
Peru	401	26	2	100	5	100	45.1	30.0	-
Philippines	958	1,147	0	97	0	98	38.1	27.5	-
Senegal	338	38	34	36	39	44	16.2	16.8	-
Singapore	987	1,968	0	78	0	74	14.6	7.2	- 51

Table 17
(Concl'd)

Import market	Total		Scope of bindings				Trade-weighted tariff averages		
	No. of lines	Import value	% of NBL		% of IMP				
			PRE	OFF	PRE	OFF	PRE	OFF	% Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
South Africa	3005	784	5	100	5	99	57.2	24.8	- 57
Sri Lanka	1566	643	0	0	0	0	53.7	53.7	0
Thailand	982	676	0	94	0	94	59.3	28.9	-
Tunisia	978	768	0	93	0	98	39.6	56.5	-
Turkey	3050	235	10	11	62	65	68.0	46.8	- 31
Uruguay	682	25	2	100	6	100	30.7	33.9	-
Venezuela	920	208	100	100	100	100	50.0	34.7	- 31
Zimbabwe	327	51	1	5	1	22	20.8	18.9	- 9

Sources: GATT secretariat estimates, 1994.

Note: Tariff lines and imports, for which Ad valorem equivalents are not available (specific duties) are excluded from columns 2, 3, 8 and 9.

- Not applicable or not available
PRE: Pre-Uruguay Round
OFF: Offer
NBL: Number of lines
IMP: Imports

Table 18

MFA or MFA-type of restrictions (including growth rates) applied by the importing countries against GATT CPs/WTO members

Suppliers	Restricting importers							
	EU		US		Canada		Norway	
	Specific limits (number)	Growth rate (per cent)	Specific limits (number)	Growth rates (per cent)	Specific limits (number)	Growth rates (per cent)	Specific limits (number)	Growth rates (per cent)
Argentina	4	17-60						
Bahrain			4	6 0				
Bangladesh	*		21	7 0	12	6 0-7 5		
Brazil	11	4 0-6.0	27	1 0-6 0	5	6 0-7 0		
Colombia	*		2	1-6				
Costa Rica			5	1 0-6 0	1	6 0		
Cuba					1	6 0		
Czech Rep			5	1 0-6 0	3	3 5-6 0	3	3 0
Dom Rep			13	1 0-6 0	3	6 0		
Egypt			19	0-6 4				
El Salvador			1	6				
Fiji			2	6				
Guatemala	*		5	1-6				
Hong Kong	33	0 2-5 0	79	0 1-2 67	24	0 75-6 0	3	1 2 3 0
Hungary			9	1 0-6 0	1	4 0	3	5 0
India	19	1 75-6 0	23	4 0-7 0	14	6 0	3	1 5-5 0
Indonesia	14	3 0-6 0	47	1-10	12	6 0	4	4 0
Jamaica			9	1-6	2	6 0		
Kenya			2	6				
Lesotho					2	6 0		
Macau	20	1 0-3 0	33	1-6 25	18	6 0	3	3 0
Malaysia	10	3 0-6 0	46	1-6	11	3 0-6 0	4	3 0
Mauritius			16	1-6	3	6 0		
Mexico	*							
Myanmar					4	4 0		
Pakistan	15	2 5-6 0	37	5-7	11	6 0-8 0	3	2 0-5 0
Peru	2	5 0-7 0						
Philippines	12	3 5-6 0	39	1-9	18	5 0-8 0	3	4 0

Table 18
(Concl'd)

	Restricting importers							
	EU		US		Canada		Norway	
	Specific limits (number)	Growth rate (per cent)	Specific limits (number)	Growth rates (per cent)	Specific limits (number)	Growth rates (per cent)	Specific limits (number)	Growth rates (per cent)
Poland			9	1-6	12	3.0-6.0	4	5.0
Rep. of Korea	46	0.5-7.0	76	0.1-2.5	31	0.3-10.0	4	5.0
Romania			21	1-7	18	3.0-6.0	4	5.0
Singapore	8	3.0-5.0	28	1-6	13	3.0-6.0	3	3.0
Slovak Rep.			4	1	4	3.0-6.0	3	3.0
Slovenia	•							
South Africa					3	6.0		
Sri Lanka	4	7.0-8.0	33	1-6	15	6.0	3	3.0
Swaziland					15	1.0		
Thailand	20	3.0-7.0	49	1-6	19	4.0-6.0	4	2.0-4.5
Turkey			36	1-6	5	6.0		
Uruguay	•		9	1-6	1	6.0		
United Arab Emirates			24	0-6	13			

Source: WTO documents: G/TMB/N Series; WT/TPR/S/3 of 30 June 1995, pp. 99-103 and Trade Policy Review, United States, 1994, GATT, Vol. I, pp. 164-168.

Note: These restrictions were in force on 31 December 1994.

• Double-checking surveillance agreements, no restrictions.

Table 19

Non-MFA restrictions maintained by WTO members

Restricting imports	Affected suppliers	Remarks
European Union	Czech Republic Hungary Poland Romania Slovak Republic	The quantitative limits negotiated in Additional Protocols to the Europe Agreements are preferential in nature. The Additional Protocols provide for the elimination of these restrictions on 1 January 1998 at the latest for each of these countries. These restrictions were maintained by the EU earlier under the NAFTA.
European Union	Egypt Malta Morocco Tunisia Turkey	The consultation levels maintained in the context of the preferential trade agreements.
United States	Kuwait Mexico * Myanmar Pakistan ** Haiti Laos Former Yugoslav Republic of Macedonia Qatar Ukraine	* Under NAFTA. ** Referring to two restrictions of which the United States intends to eliminate as soon as Pakistan files its notification to bind its tariff in accordance with the bilateral agreement between the United States and Pakistan.
United States	Costa Rica Dominican Republic El Salvador Guatemala Haiti Jamaica	Under the Special Access Programme for imports from participants in the Caribbean Basic Economic Recovery Act (CBERA) which provides additional access through the establishment of Guaranteed Access Levels (GALs).
Republic of Korea	Import from all sources (silk fabrics, grey, satin, crepe de Chine, other woven fabrics, wholly of silk other than grey)	Restraints under the GATT XVIII.B. The programme of liberalization provides for the elimination of these restrictions on 1 July 1997.
Egypt	Import from all sources (more than 70 products)	
Mexico	Import from all sources (used clothing)	For public health reasons.
Thailand	Import from all sources (silk yarn and jute bags)	Imports subject to non-automatic import licensing under GATT Article XVIII.C.

Restricting imports	Affected suppliers	Remarks
India	Import from all sources (593 tariff lines)	Maintained under GATT Article XVIII.B. On 15 February 1995, 280 tariff lines are permitted to be imported freely without an import license by all persons. 313 tariff lines are permitted to be imported against special import license.
Bangladesh	Import from all sources (for details, see GATT Document BOP/323 dated 21 February 1995).	Maintained under GATT Article XVIII.
Pakistan	Import from all sources (for details, see GATT Document L/6830 and BOP/R/221).	
Japan	Republic of Korea China Chinese Taipei and other countries and areas (silk yarn and silk fabrics)	Republic of Korea made a reversed notification on woven fabrics of pure silk.
Japan	United States (cotton fabric sheeting, cotton fabric printcloth and man-made fiber fabric of polyester filament yarn, </= 170g/m^2 European Union (woven fabric of synthetic filament yarn)	Under Import Approval System in accordance with foreign exchange and foreign trade control law.
Peru	Import from all sources of used clothing.	For public health reasons.

Source: WTO Document G/TMB/N Series.

Note: As notified by restricting importers or affected suppliers under Article 3.1 of the WTO Agreements on Textiles and Clothing.

Table 20

MFA or MFA-type of restrictions (including growth rates, if any) applied by importing countries against non-WTO members

Suppliers	Restricting importing countries							
	EU		US		Canada		Norway	
	Specific limits (number)	Growth rate (per cent)	Specific limits (number)	Growth rates (per cent)	Specific limits (number)	Growth rates (per cent)	Specific limits (number)	Growth rates (per cent)
Albania	****							
Armenia	*							
Azerbaijan	*							
Belarus	****							
Bosnia and Herzegovina	***							
Bulgaria	**		3	1	7	3.0-5.0		
Cambodia					14			
China	33	1-6	106	0.2-3	33	3.0-7.0	4	4.0
Croatia	***							
Estonia	*							
Georgia	*							
Kazakhstan	*							
DPR, Korea	***				15		4	1.0
Kyrgyzstan	*							
Lao					14	6.0		
Latvia	*							
Lebanon					1	6.0		
Lithuania	*							
Former Yugoslav Republic of Macedonia	***							
Moldova	*							
Mongolia	2	4.0						
Nepal			7	6	1			
Oman			6	0-6	3	6.0		
Qatar					14			

Suppliers	Restricting importing countries							
	EU		US		Canada		Norway	
	Specific limits (number)	Growth rate (per cent)	Specific limits (number)	Growth rates (per cent)	Specific limits (number)	Growth rates (per cent)	Specific limits (number)	Growth rates (per cent)
Russian Federation	34				1	6.0		
Syria					5	6.0		
Taiwan, Prov. of China	***		77	0-2.5	45	0.2-6.0	4	
Tajikistan	*							
Turkmenistan	*							
Ukraine	34							
Uzbekistan	2							
Vietnam	54				20	3.0-6.0	4	3.0

Source: WTO documents: G/TMB/N series; WT/TPR/S/3 of 30 June 1995, pp. 99-103; and Trade Policy Review, United States, 1994, GATT, Vol. I, pp. 164-168.

Note: These restrictions were in force on 31 December 1994.

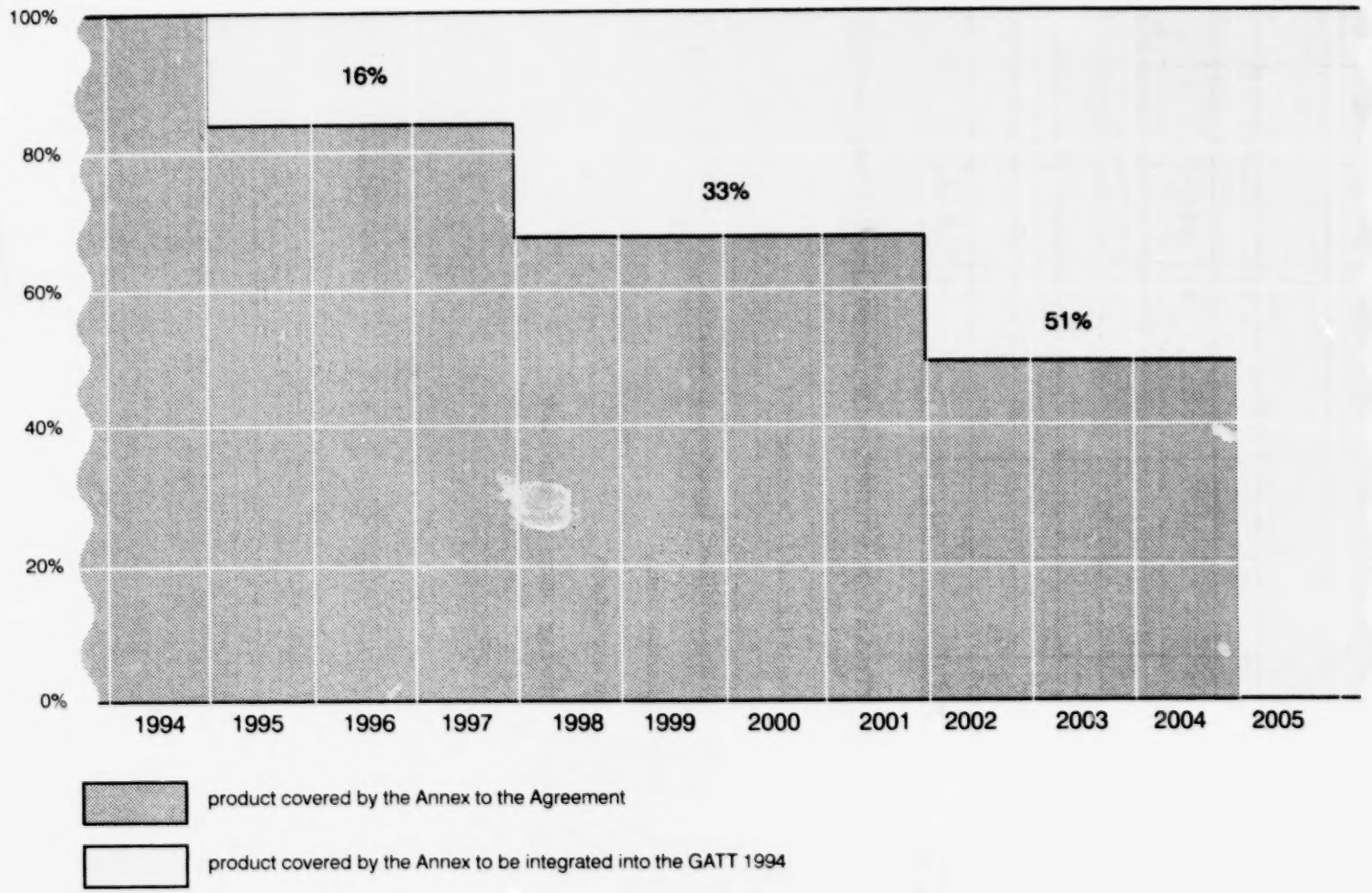
* Double-checking surveillance agreements, no restrictions.

** Europe Agreement country

*** Autonomous arrangements

**** Details of these agreements are not available.

Chart 1: INTEGRATION PROGRAMME



Source: Based on Article 2 of ATC.

Chart 2: INTEGRATION PROGRAMME IN THE CASE OF CANADA
(HS lines restricted under the MFA on one or more source account for 53% of Canada's total imports in 1990)

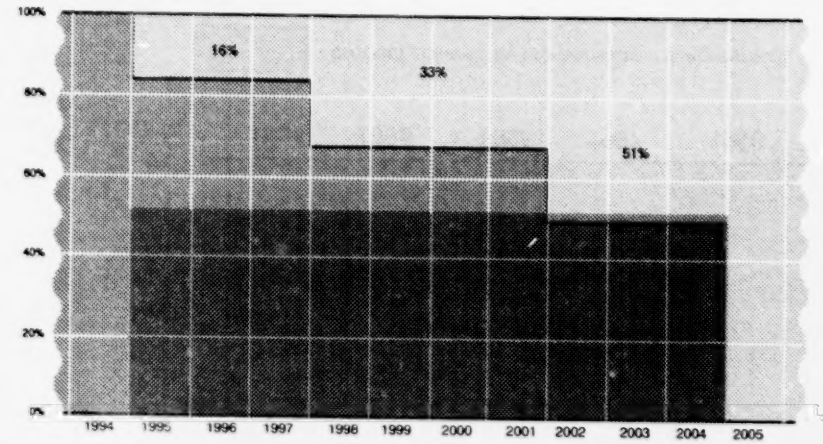


Chart 3: INTEGRATION PROGRAMME IN THE CASE OF THE EUROPEAN UNION
(HS lines restricted under the MFA on one or more source account for 66% of the European Union's total imports in 1990)

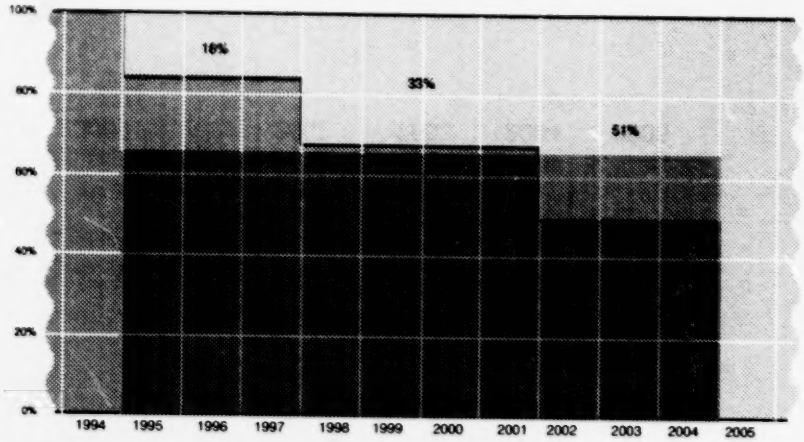


Chart 4: INTEGRATION PROGRAMME IN THE CASE OF THE UNITED STATES
(HS lines restricted under the MFA on one or more source account for 63% of the United States total imports in 1990)

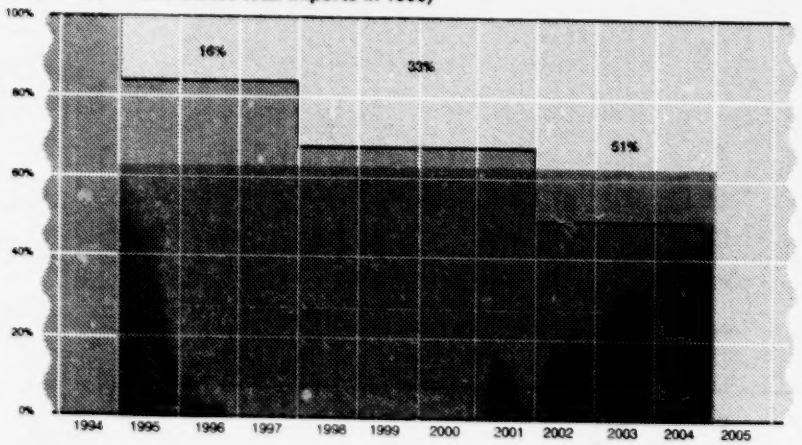
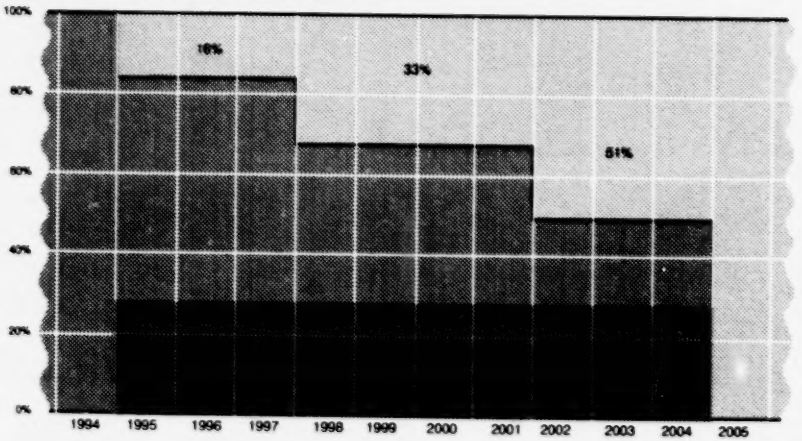


Chart 5: INTEGRATION PROGRAMME IN THE CASE OF NORWAY
(HS lines restricted under the MFA on one or more source account for 27% of Norway's total imports in 1990)



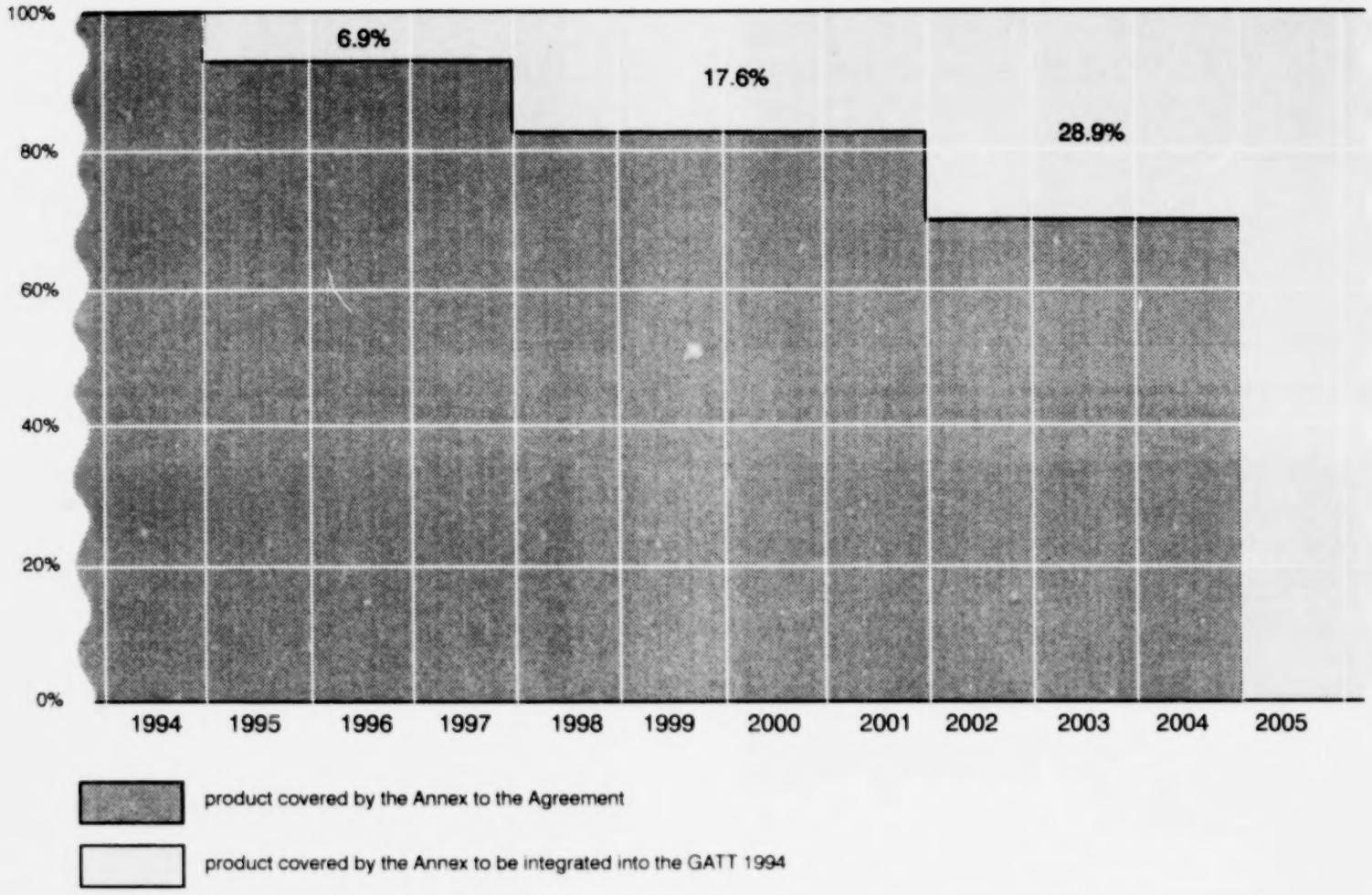
product covered by the Annex to the Agreement

product covered by the Annex to be integrated into the GATT 1994

products restricted under the MFA

Source: UNCTAD secretariat estimation based on Sanjoy Bagchi, The Integration of the Textiles Trade into GATT, Journal of World Trade, December 1994, Vol. 28. No. 6, p.36

Chart 6: VALUE EQUIVALENT OF THE FIRST THREE STAGES INTEGRATED VOLUME UNDER ATC INTEGRATION PROGRAMME BY THE UNITED STATES



Source: UNCTAD secretariat estimation based on information contained in the United States Federal Register vol. 60, No. 83, 1 May 1995.